



# ***Daily Report***

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## **China**

FBIS-CHI-93-143  
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# Daily Report

## China

FBIS-CHI-93-143

### CONTENTS

28 July 1993

NOTICE TO READERS: An \* indicates material not disseminated in electronic form.

#### INTERNATIONAL AFFAIRS

##### General

MOFTEC Spokesman on Trade With U.S., Japan [XINHUA] .....	1
Article Views Relations With U.S., East Asia [BEIJING REVIEW 19-25 Jul] .....	1
Fighting in Lebanon Cause for 'Common Concern' [XINHUA] .....	2
PLO Official Views Mideast Talks, U.S. Attitude [XINHUA] .....	3
Qin Jiwei at International Festival in Rongcheng [Jinan Radio] .....	3

##### United States & Canada

Reaction to U.S. Resolution Against Olympic Bid .....	4
Beijing Cites 'Interference' [AFP] .....	4
'Text' of Statement [XINHUA] .....	4
Journals Comment on U.S. Olympic Resolution .....	4
Resolution Will 'Disgrace' U.S. [Hong Kong TA KUNG PAO 28 Jul] .....	4
Olympic Chairman 'Very Angry' [RENMIN RIBAO OVERSEAS EDITION 28 Jul] .....	5
Weekly on U.S. 'Hegemony' [XINHUA] .....	6
President Clinton Presents Immigration Policies [XINHUA] .....	6

##### Central Eurasia

NPC Group Meets Turkmenistan President [XINHUA] .....	7
NPC Committee Delegation Visits Ukraine [XINHUA] .....	7
Bank Approves PRC-Russian Trade in Renminbi [CHINA DAILY 28 Jul] .....	7

##### Northeast Asia

Activities of Hu Jintao, Chi Haotian in DPRK Noted .....	8
Talks Held With Kim Il-song [XINHUA] .....	8
Kim Il-song Hosts Banquet [XINHUA] .....	8
Hu Meets Cambodia's Sihanouk [XINHUA] .....	8
Hu, Chi Visit Historic Sites [XINHUA] .....	8
Chi Meets Yugoslav Army Chief [XINHUA] .....	8
Qian Qichen Stresses Sino-ROK Cultural Exchanges [XINHUA] .....	9
Satellite Station Links Shandong With ROK [ZHONGGUO XINWEN SHE] .....	9
ROK Minister Attends Opening [XINHUA] .....	9

##### Southeast Asia & Pacific

NPC's Bu He, Delegation Arrive in Burma [XINHUA] .....	10
Luo Gan Visits Vanuatu Deputy Prime Minister [XINHUA] .....	10
Shandong Secretary Begins Visit in Australia [Jinan Radio] .....	10

##### West Europe

Ren Jianxin Meets European Patent Office Chief [XINHUA] .....	11
British Aerospace Technicians Inspect Crash Site [XINHUA] .....	11

**East Europe**

PLA General Returns From Eastern Europe [XINHUA] .....	11
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**NATIONAL AFFAIRS**

**Political & Social**

Li Peng Goes to Beidaihe; Deng Still in Beijing [Hong Kong MING PAO 28 Jul] .....	12
Tian Jiyun Addresses Congress Leaders [FAZHI RIBAO 6 Jul] .....	12
Highlights of Banned Book on 'Disaster of Leftism' .....	16

**Economic & Agricultural**

Li Lanqing Congratulates Internal Trade Ministry Founding [XINHUA] .....	17
Li Lanqing Greets LIF; Relays Li Peng's Message [XINHUA] .....	17
State Tightening Macroeconomic Control [Hong Kong WEN WEI PO 27 Jul] .....	18
Bao Xin 'Letter' on Macrocontrol, Regulation [Hong Kong LIAOWANG OVERSEAS EDITION 12 Jul] .....	19
Economist Views Current Situation, Measures [Hong Kong LIAOWANG OVERSEAS EDITION 12 Jul] .....	20
Official Notes Unemployment 'Set To Swell' [AFP] .....	22
Supervision Over Construction Projects Strengthened [XINHUA] .....	22
Beijing Plans To Audit Financial Institutions [XINHUA] .....	23
Beijing Establishes National Silk Trade Center [XINHUA] .....	23
State Council Circular on Production Safety [XINHUA] .....	23
Article Analyzes Foreign Exchange Situation [Hong Kong LIAOWANG OVERSEAS EDITION 5 Jul] .....	23
Zhu Rongji Inspects Banknote Printing Factory [Hong Kong MING PAO 28 Jul] .....	26
Jiang Inscribes Title of Electronics Magazine [Beijing Radio] .....	27
Jiang, Li Peng Inscribe for Automobile Plant [XINHUA] .....	27
New Airline Launched To Service Tourism Industry [XINHUA] .....	27
Chen Junsheng Addresses Briefing on Agricultural Laws [XINHUA] .....	27
Asian Bank Approves Help for Fertilizer Industry [XINHUA] .....	28

**REGIONAL AFFAIRS**

**East Region**

Jiangsu Governor Addresses Construction Meeting [XINHUA RIBAO 2 Jul] .....	29
Shandong Congress Standing Committee Meets [Jinan Radio] .....	29

**Central-South Region**

Hubei Secretary Addresses Financial Meeting [Wuhan Radio] .....	30
Hunan Secretary Addresses Local Party Leaders [Hunan Radio] .....	32

**Southwest Region**

Guizhou Secretary Instructs Planning Commission [Guiyang Radio] .....	32
Guizhou Governor on Implementing Central Decree [Guiyang Radio] .....	32

**North Region**

Beijing Commends '10 Outstanding' CPC Members [BEIJING RIBAO 1 Jul] .....	33
Hebei Undertakes Struggle Against Abductors [HEBEI RIBAO 28 Jun] .....	33
Inner Mongolia Secretary Inspects County [NEIMENGGU RIBAO 27 Jun] .....	33
Tianjin Secretary Gao Dezhan Addresses Meetings .....	35
On Reducing Peasants' Burden [Tianjin Radio] .....	35
Addresses Social Security [Tianjin Radio] .....	36

### Northwest Region

Gansu Governor Addresses Financial Work Meeting [Lanzhou Radio] .....	37
Gansu Radio Reports Financial Situation [Lanzhou Radio] .....	37
Gansu's Lanzhou Executes Nine 'Criminals' [Lanzhou Radio] .....	37
Qinghai Secretary Addresses Procuratorial Forum [Xining Radio] .....	37
Shaanxi Plans To Screen Credit, Bond Issues [Xian Radio] .....	38
Xinjiang Holds Teleconference on Bond Issuance [Urumqi TV] .....	38

### TAIWAN

DPRK Boat Arrives in Taiwan To Ship Freight [AFP] .....	40
Taiwan, ROK Agree on Futures Exchange System [CNA] .....	40
Official Expects Taiwan-ROK Air Accord [CNA] .....	40
Economic Minister Leaves for Vietnam [CNA] .....	40
Israel Plans Economic, Trade Office in Taipei [CNA] .....	41
Foreign Minister To Visit Costa Rica [CNA] .....	41
Official: Island Contributes to Mainland Exports [CNA] .....	41
Li Teng-hui Names National Security Bureau Head [CNA] .....	42

### HONG KONG & MACAO

#### Hong Kong

UK Offers Military Headquarters to PRC [XINHUA] .....	43
Patten: No Decision on Offer [Hong Kong SOUTH CHINA MORNING POST 28 Jul] .....	43
PRC-UK Airport Committee To Meet 4 Aug [XINHUA] .....	43



**General**

**MOFTEC Spokesman on Trade With U.S., Japan**

OW2707125193 Beijing XINHUA in English 1218  
GMT 27 Jul 93

[Text] Beijing, July 27 (XINHUA)—A spokesman for the Ministry of Foreign Trade and Economic Co-operation (MOFTEC) said here today that the Chinese Government attaches great importance to developing its economic ties and trade with the United States and has made substantial efforts to this end.

Miao Fuchun made this remark in reply to questions at a news briefing.

Miao said that over the past few years both China and the U.S. have met with difficulties in the process of developing bilateral economic relations and trade.

But through joint efforts, the Chinese side's efforts in particular, progress has been made in bilateral trade, he said.

Noting that the U.S. is the third-largest trading partner of China, Miao said that in the first six months of this year the total volume of trade between the two countries amounted to 10.77 billion U.S. dollars-worth, representing a 51.2 percent increase compared with the same period of last year.

Of the total, the volume of China's exports to the U.S. reached 6.62 billion U.S. dollars-worth and its imports, 4.14 billion U.S. dollars-worth—respectively up 102.9 percent and 7.4 percent.

He noted that in the first quarter of this year contracts on 1,111 U.S.-invested projects in China were signed, with a total U.S. investment of 1.2 billion U.S. dollars, which was 2.5 times more than in the same period of last year.

China is the largest developing country in the world, while the U.S. is one of the biggest developed countries, he noted. Therefore, they can share a huge market, and through co-operation, they can improve their competitiveness, he said.

Asked to comment on China's favorable balance of trade with the U.S., Miao said the basic policy behind China's trade with foreign countries is to maintain an equal balance of trade and mutual benefit.

He said it is normal that China should have a favorable balance of trade with a few countries, but this should not become an obstacle to the further development of bilateral trade.

Miao said, "We are willing to make common efforts together with the relevant countries and coordinate so as to realize the goal of an equal trade balance."

On Sino-Japanese economic ties and trade, Miao said China and Japan enjoy a very good relationship in these fields.

Last year China-Japan economic ties and trade developed rapidly based on the all-round resumption of their relationship.

China's relations with Japan in trade and investment as well as in technical imports hit an all-time high in 1992.

He said this year has witnessed a continuous growth of trade; from January to June the total volume of bilateral trade rose to 14.55 billion U.S. dollars-worth, an increase of 42.5 percent over the corresponding period of last year.

Of the total, China's exports to Japan came to 5.91 billion U.S. dollars-worth, and imports came to 8.64 billion U.S. dollars-worth, representing respective increases of 22 percent and 60.9 percent over the same period of last year.

China mainly imports from Japan industrial raw materials, electronics and machinery.

Meanwhile, Japanese investment in China is brisk. In the first quarter of this year it rose 172 percent over the same period of last year.

Miao said that, on the whole, economic co-operation and trade between China and Japan are mutually beneficial. According to the respective countries' needs and possibilities, potential for such co-operation is great and the prospects are optimistic, he concluded.

**Article Views Relations With U.S., East Asia**

OW2707120093 Beijing BEIJING REVIEW in English  
No 29, 19-25 Jul 93 pp 9, 10

[Article by Wang Jisi, deputy director of the Institute of American Studies under the Chinese Academy of Social Sciences: "East Asia: Prospects for Cooperation"]

[Text] Cautious optimism was expressed by most participants from Asia, Australia and the United States at the International Symposium on Prospects for East Asian Cooperation and Development in the Next 10 Years, held in Beijing in early July.

They pointed out that a new international power structure is emerging in East Asia with the end of the Cold War, although there are divergent views about how to define this structure. A Chinese participant argued that a new triangular relationship among China, Japan, and the United States has replaced the Chinese-American-Soviet triangle in playing a pivotal role in shaping international relations in the region. He quickly added, however, that this new triangle is of a different nature. While the previous triangle was a strategic one in which two powers could align against the third, there seems no possibility in the years to come that any two among China, Japan, and the United States would form an alliance aimed at harming the third nation. In fact, considering the interdependent nature of the new structure, a disruption of one pair of relations would damage rather than benefit the interests of the third country.

### New Power Structure

Many participants agreed that there will be no enduring stability and power balance in East Asia until the current Sino-American relationship is fully normalized. In view of the growing American economic stake in the People's Republic of China, and Beijing's improved relations with its neighbours, the Clinton administration is expected to adopt a more pragmatic policy toward China. In his concluding remarks, a leading American participant assured his East Asian counterparts that, like other countries in the region, the United States wants to see a stable and prosperous China. It is hoped that this statement will be echoed by the US government.

Another source of concern stems from US-Japanese relationship. The Clinton administration seems to believe, as some at the symposium expressed, that the end of the Cold War has changed the character of US-Japanese relations. Since economics now matters more, and security less, Washington may take bigger risks to exact concessions from Tokyo. Meanwhile, the growing economic power and political influence of Japan makes its leaders unwilling to yield to American pressures. The future pattern of US-Japanese competition will make a strong impact on regional configurations.

A few participants remarked that the regional structure is multi-centred, with Russia, North Korea, South Korea, and countries of the Association of Southeast Asian Nations (ASEAN) also playing a very important role. In addition to the problems in Cambodia and on the Korean Peninsula, mutual suspicions between Russia and Japan are impeding cooperation and economic development, especially in Northeast Asia.

Despite all this, all participants shared the observation that the general trend in East Asia is toward a reduction of tensions, and that more extensive economic cooperation will pave the way for confidence-building measures in the area of security. However, there was no consensus as to the process and framework for multilateral security dialogues. While some indicated an interest in using the forum of the Asia-Pacific Economic Cooperation to discuss regional security issues, others stressed that bilateral issues should be addressed before formal multilateral security arrangements are approached.

### Interdependence

While encouraged by various forms of economic cooperation in the region, many economists attending the symposium expressed their opposition to any idea of establishing exclusive economic groupings. They noted the complex interdependence between the East Asian and North American economies, and hoped for an early conclusion of Uruguay Round of trade negotiations.

Uneven economic development within and between regional states aroused attention during the conference. For instance, economic and political difficulties in some Northeast Asian areas and newly independent Central Asian states might spill over to other areas. Therefore,

sensible policies should be introduced to narrow the economic gap between industrialized and less developed areas, and political isolation should be discouraged.

A local leader from south China observed that the prosperity of China and East Asia is, to a large extent, contingent on the world economic situation. Other Chinese participants joined him in saying that a market-oriented Chinese economy needs more entrepreneurs and officials with cosmopolitan outlooks and management skills. Economic restructuring in China has already led to political reform, and will continue to do so. Yet the integration of the Chinese economy into the world economy, according to these analysts, does not mean the weakening of government functions. In fact, Chinese practices have illustrated the necessity of strengthening central banking and taxation institutions as the economic reform deepens.

### Mutual Understanding

While political figures and economic leaders discussed policy options, scholars at the symposium explored ways of reducing misunderstandings that continuously underlie controversies among states.

A Malaysian participant put forward comprehensive proposals for narrowing the perception gap between West and Oriental nations, as well as among East Asian nations. Public education and the media, he suggested, should help eliminate ethnocentrism and ignorance of other cultures, and stop stereotyping other peoples. Specifically, he mentioned the differences between the East and the West regarding human rights, and the image of China in Southeast Asia.

These comments reminded people of how much work besides that related to immediate security and economic concerns needs to be done in promoting regional cooperation. Indeed, East Asia itself features a diversity of cultures, religions, and peoples, while the influence of globalization is further complicating the identity problems. While ideological confrontations, characteristic of the Cold War era, seem to fade away, other outmoded perceptions continue to linger. Recent clamors about the "China threat" are but one example of misperception.

Hopefully, the participants left this stimulating conference with a reinforced conviction that multilateral and cross-cultural communication is no less important than economic intercourse in shaping the future of East Asia. The prospects look promising, but only conscious human effort can prevent pitfalls.

### Fighting in Lebanon Cause for 'Common Concern'

OW2707135293 Beijing XINHUA in English 1215  
GMT 27 Jul 93

["News Analysis" by Li Hongqi]

[Text] Jerusalem, July 27 (XINHUA)—The ongoing fighting in Lebanon has cast shadow on the Middle East peace process, provoking common concern inside and outside the region.

Israeli air and naval raids on the Hizballah (Party of God) and Palestinian guerrilla bases in Lebanon continue for the third day running today, while guerrillas' Katyusha rockets still slam into northern Israel, with the death toll climbing to over 30 on the both sides.

Israel says that the operation, the largest in a decade, was aimed at eliminating threat to its northern settlements and ensuring the continuation of the peace process, but the concern over future peace talks grows as bloodshed continues.

Israel's four left-wing Meretz Party ministers were joined Monday [26 July] night by three Labor Party colleagues in expressing their reservation over or opposition to further Israeli actions in Lebanon, fearing the conflict would go out of control and endanger the peace process as a whole.

The same concern has also been expressed by Arab countries, the Palestinians and the United States, while Lebanon urges the United Nations Security Council to convene to stop the fighting.

Israeli officials are reluctant to admit that the peace process was in danger, arguing that it was only the Hizballah and the radical Palestinian groups which oppose the peace talks.

However, some people remain critical about the Israeli operation, launched Sunday [25 July] before U.S. Secretary of State Warren Christopher's planned visit to the region later this week.

Reports that Christopher may call off his trip if the conflict continues to escalate have fueled the concern. Israeli Health Minister Hayim Ramon said Monday that if so, the peace process would be affected.

The reports have not yet been confirmed by Washington, and it seemed that the U.S. Administration prefers to try to put out the fire first rather than declare to cancel the trip at this moment. But still there is a possibility of cancellation.

Christopher was previously scheduled to arrive in the region on Saturday in a continued effort to bridge the gap between the Israelis and Palestinians over Jerusalem and the jurisdiction of self-rule.

"Can he concentrate on the issue if the battle goes on in neighboring Lebanon?" asked a leading local newspaper here.

Even if Christopher does not change his mind, he has to spend much of his four-day stay in arranging a ceasefire before convincing the Arab parties to return to the negotiating table, observers here said.

Therefore, the negative impact on the peace process is obvious. It would not help build necessary mutual trust and confidence between the Israelis and Arabs at all.

The local Hebrew newspaper "HA'ARETZ" [THE COUNTRY] advised the government to conduct consultations with the U.S., Syria and Lebanon in order to find a

way out, but apparently the government has no immediate decision to back down from the horse word [as received], nor did the Hizballah.

The Israeli Government vowed not to let the Hizballah to take its northern settlers hostage.

But if the peace process fails, could Israel and its Arab negotiation partners consider themselves as "hostage" of the Hizballah, which has been trying to stop the peace process? people ask.

#### **PLO Official Views Mideast Talks, U.S. Attitude**

OW2807094693 Beijing XINHUA in English 0605  
GMT 28 Jul 93

[Text] Tunis, July 27 (XINHUA)—A PLO official said today that the U.S. attitude toward the Palestine Liberation Organization (PLO) remains unchanged amidst reports that U.S. Secretary of State Warren Christopher will bring no new proposal during his coming visit.

In an interview with XINHUA, 'Abbas Zaki, member of the Central Committee of the PLO mainstream Fatah movement, said Christopher's visit to the Middle East next week was important, although news reports said he will bring a proposal far short of an independent Palestinian state.

Zaki expressed hope that some modifications would be made to the American paper, which was presented to Palestinian negotiators during the 10th round of Arab-Israeli talks.

The Palestinian side was prepared to accept the transition period should necessary guarantees be given, Zaki said.

These guarantees, he said, must include a timetable for complete Israeli withdrawal from Palestinian territories occupied in 1967, as well as a timetable for terminating Jewish settlement and recognition of Jerusalem as the capital of the future Palestinian state.

The PLO official said the Palestinians would never accept a solution without Jerusalem, adding that the least demands maintain that East Jerusalem goes to the Palestinians and West Jerusalem to Israel.

Zaki, who is also on the higher committee of the Palestinian uprising, said the Palestinian side cannot accept such a vague concept of a transition period without being aware of the contents of the final stage.

#### **Qin Jiwei at International Festival in Rongcheng**

SK2807033393 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 26 Jul 93

[Text] The 1993 international fishermen festival ceremoniously opened in the central stadium of Rongcheng city on the evening of 25 July. The festival is aimed at extensively making friends, enhancing friendship, broadening the opening up, and boosting the economy. Joyfully celebrating the festival with the fishermen of Rongcheng city were more than 10,000 guests from various localities



throughout the country and more than 1,000 foreign guests from more than 30 countries and regions of Asia, Europe, Australia, and America.

Attending the opening ceremony of the fishermen festival were Qin Jiwei, vice chairman of the National People's Congress Standing Committee; Li Chunting, deputy secretary of the provincial party committee and vice governor of the province; and Wang Yuyan, vice chairman of the provincial Chinese People's Political Consultative Conference committee.

Over the past year Rongcheng city has achieved faster development in its economy, ranking it twelfth among the 100 cities across the country that are strong in the comprehensive actual strength of the rural economy. It has the strongest economy of the counties in the areas north of the Chang Jiang as well as of our province. During the January-June period this year, the city's total product of society reached 8.3 billion yuan; its gross national product reached 2.99 billion yuan; and its total industrial and agricultural output value reached 7.5 billion yuan.

During the fishermen festival Rongcheng city will carry out the activities of holding an international academic seminar on the intensive maritime spark projects undertaken by the district of Rongcheng as well as of sponsoring a friendship party for Overseas Chinese; an economic and trade talk between domestic and foreign businessmen; and a trade fair of famous trademark, fine-quality, and special local commodities.

## United States & Canada

### Reaction to U.S. Resolution Against Olympic Bid

#### Beijing Cites 'Interference'

HK2707112093 Hong Kong AFP in English 1112 GMT 27 Jul 93

[Text] Beijing, July 27 (AFP)—Beijing accused the U.S. House of Representatives of wanton interference Tuesday for urging the International Olympic Committee (IOC) to spurn its bid to host the 2000 Games. The House of Representatives voted 287-99 on Monday in favour of a resolution opposing Beijing's bid on human rights grounds.

The Chinese capital's bid accords with IOC principles and the "Chinese people's desire to spread the Olympic spirit," Beijing 2000 Olympic Games Bid Committee (BOBICO) spokesman Xu Jia said. "BOBICO is strongly opposed to this kind of action that wantonly interferes with the rights of the Chinese people, displays contempt for the IOC and tramples under foot Olympic principles," Xu said. The "minority of Americans" behind this resolution disregarded not only the strong opposition of the Chinese Olympic Committee but also the IOC, including its U.S. representatives, he said.

The IOC and its president, Juan Antonio Samaranch, condemned as interference a similar June resolution by the House of Representatives human rights subcommittee.

Xu said the selection of the 2000 Olympics host city was an internal affair of the IOC, in whose affairs no individual or organisation should interfere. Despite the U.S. resolution, Xu expressed confidence the IOC would "strictly respect all the Olympic principles and conscientiously and independently make its own decision. BOBICO is still fully confident of its bid to host the 2000 Olympics in Beijing," he said.

Sydney, Manchester, Istanbul, Berlin and Brasilia are also bidding to host the 2000 Olympics. The IOC is to select the host city at meeting at Monaco in September. Sydney is considered to be the frontrunner, followed by Beijing and Manchester.

#### 'Text' of Statement

OW2707122693 Beijing XINHUA in English 1216 GMT 27 Jul 93

[Text] Beijing, July 27 (XINHUA)—The Chinese Olympic Committee (COC) today strongly condemned the U.S. House of Representatives for its gross interference in the international Olympic affairs.

In a statement issued this evening, the COC said that the House resolution opposing the holding of the 2000 Olympic Games in Beijing "is a grave violation of the Olympic principles and spirit.

"Such act is firmly opposed by the Chinese people, including the athletes," the COC added.

The full text of the COC statement follows:

"With no regard to the protest of the Chinese Olympic Committee and the repeated appeals of the International Olympic Committee and U.S. sports officials demanding that it stop interfering in the affairs of the International Olympic Committee, the U.S. House of Representatives flagrantly passed a resolution yesterday opposing the holding of the 2000 Olympic Games in Beijing. This is a gross interference in the affairs of the International Olympic Committee and gravely violates the Olympic principles and spirit. This act is also firmly opposed by the Chinese people, including the athletes.

"It is only the members of the International Olympic Committee who can decide by voting the site for the Olympic games. No one else has the right to ask the International Olympic Committee to do this or that. The overbearing act by a small part of people in the United States will certainly be firmly refused by all people who cherish and safeguard the independence of the International Olympic Committee."

### Journals Comment on U.S. Olympic Resolution

#### Resolution Will 'Disgrace' U.S.

HK2807105093 Hong Kong TA KUNG PAO in Chinese 28 Jul 93 p 2

[Editorial: "A Resolution of the U.S. House of Representatives Lays Bare Its Own Ugliness"]

[Text] The U.S. House of Representatives passed a resolution with a 287-99 vote opposing Beijing's bid to host the 2000 Olympic Games under the pretext that China's human rights record is not up to international standards, which is a tiresome tune being repeated.

This is an ugly resolution which has laid bare the habit of this dollar kingdom in using its own standards to distinguish between good and bad and between right and wrong and in forcing its own will on others. Apart from prominently interfering in China's internal affairs, this resolution has also brutally meddled in the functions of the International Olympic Committee [IOC] and tried to manipulate IOC decisions.

As learned, the U.S. Senate will also vote on a similar bill, the purpose being to obstruct Beijing by every possible means from hosting the 2000 Olympic Games.

At an IOC executive meeting held in Lausanne, Switzerland, in mid-June, many members criticized the Human Rights Group of the U.S. House of Representatives for passing a resolution on 10 June opposing China's bid to host the 2000 Olympic Games. Members of the executive council accused the Human Rights Group resolution of "violating Olympic sports principles," and stressed that "this is not acceptable." Even U.S. Olympic Committee executive member Annetta Defranz admitted that the U.S. House resolution was an interference in the Olympic Games' independent competitive order. IOC Secretary General Garard put it more specifically: "This resolution is an unfortunate political trampling on sports."

The House of Representatives ratified the resolution soon after its formulation, and because the September voting for the Olympic bid is approaching, the United States is eager to spurn Beijing's bid to host the 2000 Olympic Games.

Whether or not China can host the 2000 Olympic Games will be decided by the IOC according to a majority vote of its members. The IOC will judge China's national strength, environment, conditions, and organizational ability for sponsoring the Olympic Games. China will follow various resolutions of the IOC. But the U.S. Congress has exerted pressure on the IOC by means of the irrelevant "human rights" issue and U.S.-type human rights standards. We believe this wanton practice will be opposed by fair-minded Americans.

This infamous resolution of the U.S. House of Representatives in disregard of the Olympic spirit will only bring disgrace on the United States. As a superpower, the United States is still pursuing its hegemony in various fields. Unfortunately, the present-day world has entered a new period of diversification. U.S. ability has fallen short of its wish to maintain its overbearing world leadership after the cold war. This trend is unalterable.

China has 22 percent of the world's population. It is also a country with an ancient civilization of 5,000 years and is one of the world's cultural origins. If China can host the 2000 Olympic Games, this will be a major exchange between Eastern culture and other regions' cultures in Olympic history. Fok Ying-tung, vice chairman of the

Chinese People's Political Consultative Conference and veteran Chinese athlete, pointed out: "Viewed either from developing a country's or a region's sports, from promoting a developing country's political system and economy, or from a country's contribution to world peace, it would be a good choice to grant Beijing the right to host the 2000 Olympic Games." Allowing China to host the 2000 Olympic Games will be beneficial to promoting Chinese-foreign exchanges, to moving toward the world, to further developing China's reform and opening up, to China's entry into the international community, as well as to economic prosperity, peace, and stability in Asia and the rest of the world.

On the contrary, those anti-Chinese U.S. congressmen who are shallow-minded, naive, and ignorant and treat China with an anti-Chinese attitude cannot see that China is forging ahead on an open track and that its political and economic systems will inevitably have healthy, perfect, and developing prospects. These individuals are trying every possible means to isolate and blockade China.

Unable to find a proper excuse, they grab the life-saving "human rights" issue to prevent China from sponsoring the Olympic Games.

Of course, some international friends also doubt if China has the ability, environment, and human resources to sponsor a large-scale international competition. On this, the Chinese Olympic Committee has on many occasions invited friends from different countries to visit China for investigation. China's success in sponsoring the 1990 Asian Games won international appreciation in terms of organization, reception, and management.

The 1.2 billion Chinese people eagerly wish to host the 2000 Olympic Games in Beijing and regard this as an infinite glory of Emperor Huangdi's descendants. Although some international friends say that there are still shortcomings in some aspects, there are seven years until the year 2000, during which the entire nation will make efforts to improve the shortcomings of our conditions with a national determination to sponsor the Olympic Games well.

The U.S. House resolution is deviating far from the central issue and cannot withstand criticism by world public opinion.

As in the past, China will continue to make the greatest efforts in its bid to host the 2000 Olympic Games, without giving up any opportunity. This is not only the wish of the entire Chinese nation, but also conforms with stability and peace in Asia and the rest of the world.

#### **Olympic Chairman 'Very Angry'**

HK2807034793 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 28 Jul 93 p 1

["New Talk About China" column by He Nanren (0149 0589 0088): "No One Is Permitted To Make Indiscreet Remarks About the Affairs of the International Olympic Committee"]

[Text] Recently some people in the U.S. Congress have been making indiscreet speeches insisting that China's human rights situation is not good. Under this pretext, they have exerted pressure on the International Olympic Committee [IOC] and have opposed the holding of the 2000 Olympic Games in Beijing. This made IOC Chairman Samaranch very angry, and he expressed his opposition against anyone's attempt to exert pressure on the IOC. Even the Americans working in the IOC did not agree with the brutal words and deeds of these congressmen.

This reminds people of the remarks expressed by former U.S. President Carter at the World Human Rights Conference held not long ago. Mr. Carter openly admitted that the U.S. human rights situation was not good. He said: "We indeed have two Americas: two Atlantas, two Washingtons, two New Yorks, and two Chicagos. One is comparatively rich, the other is poor..." Mr. Carter's remarks mean that poor people in the United States are not assured of adequate human rights. The first city with a bad human rights situation mentioned by Mr. Carter was Atlanta, where the 1996 Olympic Games will be held, as earlier decided by the IOC. Suppose the congress of a foreign country proposes canceling the Olympic Games in the United States, in Atlanta, because the U.S. human rights situation is not good and that of Atlanta is no better; what will those U.S. congressmen think, and how will they respond? It is often the case that some people in the U.S. Congress say and do things out of prejudice and that they apply dual standards. As a result, these individuals forge ahead without considering the consequences, contradict themselves, and even lift rocks, only to drop them on their own feet. The IOC is not an Olympic committee belonging to the United States, and its power should be respected. We advise those U.S. congressmen not to extend their reach too far; they had better focus on their domestic affairs!

#### Weekly on U.S. 'Hegemony'

OW2807092193 Beijing XINHUA in English 0851  
GMT 28 Jul 93

[Text] Beijing, July 28 (XINHUA)—The Chinese weekly "OUTLOOK" (LIAOWANG) accused the United States House of Representatives today of expressing an attitude of "hegemony" in passing a resolution opposing Beijing's bid to host the 2,000 Olympic Games.

The U.S. House voted on July 26, 287 for and 99 against, to oppose Beijing's bid to host the 2,000 Olympics. It cited what it called "human rights violations" in China.

The Chinese Olympic Committee yesterday strongly condemned the resolution as a gross interference in international Olympic affairs.

The "OUTLOOK" weekly said the attitude of hegemony shown by the U.S. House has "reached the degree of grotesqueness which can make one laugh aloud."

The article stressed that the people of every nation have the right to bid to host the Olympics, which it called "a

holy movement independent of national governments and free from political disputes."

It said the action by the U.S. House completely ignores the Olympic spirit and principles and insults the International Olympic Committee, which has the actual responsibility of deciding who should host the games.

#### President Clinton Presents Immigration Policies

OW2807062893 Beijing XINHUA in English 1850  
GMT 27 Jul 93

[Text] Washington, July 27 (XINHUA)—U.S. President Bill Clinton today unveiled tougher measures to crack down alien smuggling, as part of his comprehensive plan to stem an influx of illegal immigrants to the country.

"We cannot tolerate those who traffic in human cargo, nor can we allow our people to be endangered by those who would enter our country to terrorize Americans," said Clinton.

He said the U.S. Government will increase penalties for those engaged in alien smuggling, hire up to 600 additional agents to strengthen border patrol and speed up the reviews of people seeking asylum.

The problem of illegal immigration was highlighted by recent World Trade Center bombing and the arriving of several Asian alien smuggling ships.

Now about 150,000 to 250,000 illegal immigrants enter the United States every year, according to today's CHRISTIAN SCIENCE MONITOR.

"We will treat organizing a crime syndicate to smuggle aliens as a serious crime," Clinton said. "And we will increase the number of border patrol, equipping and training them to be first-class law enforcement officers."

Vice President Al Gore, chief architect of the new policies, said the government will double prison sentences for convicted smugglers, authorize use of wiretaps in smuggling investigations and expand authority to seize the assets of smugglers.

He said the administration will accelerate automation of U.S. Embassies and Consulates as quickly as possible so they can better share information on people who should not receive visas—terrorists, drug smugglers and felons.

The recent World Trade Center bombing revealed the loopholes in granting visas to the United States.

Shaykh 'Umar 'Abd-al-Rahman, who had links with suspects of the Trade Center bombing, was allowed to remain in the country while suspected of terrorist activity.

Clinton's new initiative would also allow expedited exclusion of undocumented aliens "who do not have credible claims for political asylum."

He said his new initiatives are the next step in fulfilling his June 18 commitment to strengthen law enforcement efforts to battle illegal immigration.



On June 18, he said his administration will push for legislation to subject smugglers to tough racketeering laws, work with other nations to stop crime syndicate smuggling operations based abroad, intercept smuggling ships before they arrive in the United States and detain aliens who are smuggled into the United States.

"But the solution to the problem of illegal immigration is not simply to close out borders," Clinton said. He said his administration will continue to promote family unification and "reach out to those who have the skills we need to make our nation stronger."

### Central Eurasia

#### NPC Group Meets Turkmenistan President

OW2807065393 Beijing XINHUA in English 0258  
GMT 28 Jul 93

[Text] Ashgabat, July 27 (XINHUA)—Turkmenistan President Saparmurad Niyazov met here today with a delegation of the Chinese National People's Congress (NPC) headed by Tomur Dawamat, vice chairman of the Standing Committee.

The president warmly welcomed the Chinese delegation's visit to his country and recalled his visit to China in November last year.

Dawamat spoke highly of the efforts made by the Turkmenistan people in safeguarding their national independence, developing the economy and boosting the cooperative relations between Turkmenistan and China.

The Chinese NPC delegation arrived here on Monday [26 July] on a four-day official visit to Turkmenistan.

#### NPC Committee Delegation Visits Ukraine

OW2807070593 Beijing XINHUA in English 0219  
GMT 28 Jul 93

[Text] Kiev, July 27 (XINHUA)—Vasyl Durdynets, vice chairman of the Supreme Soviet of Ukraine, says that Ukraine and China should further expand exchanges and trade cooperation.

Durdynets told Yang Zhenya, vice director of the Foreign Affairs Committee of the Chinese National People's Congress (NPC), that the relations between the two countries and the legislatures have developed rapidly since the establishment of diplomatic links in January, 1992.

He said China's economic reforms have become the focus of world attention. "China's experiences are very important for Ukraine to draw lessons from," he stressed.

Yang Zhenya, who heads a delegation of NPC's Foreign Affairs Committee, arrived here today on a six-day visit. He agreed that there are broad prospects for cooperation in many fields between China and Ukraine.

Economic mutual-benefit provides a good basis for the two sides to enhance economic and trade cooperation, he added.

#### Bank Approves PRC-Russian Trade in Renminbi

HK2807033493 Beijing CHINA DAILY in English 28  
Jul 93 p 2

[By staff reporter Wang Yong]

[Text] Chinese and Russian traders have been given permission to conduct their flourishing border business in renminbi, a Bank of China (BOC) official revealed in Beijing yesterday.

The bank's Beijing and Harbin branches have been given approval by the People's Bank of China, the central bank in the country, to sanction business in renminbi for the first time.

Officials from the bank described the move as the latest in a series of efforts by China to promote border trade with Russia, which has developed rapidly in the past few years.

The trade, which in most cases has been in barter form, has been affected by lack of foreign exchange on both sides.

"By allowing business to be conducted using renminbi, border trade will be enhanced, with more trade contracts delivered on time," said Qiu Jian, an official in charge of international trade settlement with the Beijing Branch of the BOC.

Russia conducts the bulk of China's border trade with the Commonwealth of Independent States, which stood at \$1.9 billion last year.

China's overall trade with the CIS last year was \$6.66 billion.

Official estimates predict bilateral trade for 1993 will top \$7 billion.

Statistics from Chinese customs show that China's trade with Russia in the first four months of this year hit \$2.3 billion, compared with \$5.8 billion for all of 1992.

Qiu said Russian companies or individuals will now be able to compute their export value into renminbi under exchange rates accepted by both sides before being deposited in special accounts in local branches of the Bank of China. Such accounts cannot change hands.

With this money, Russian businesses can pay for imports from China.

Qiu added that allowing trade in renminbi could also help cut China's considerable surplus with Russia, because Chinese businesses could buy more from Russia with yuan.

The Beijing Branch of the BOC has drawn up guidelines on how to apply for settlement in renminbi, but details were not available yesterday.

The Harbin branch of the BOC also hopes the new renminbi business will bolster border trade between the province of Heilongjiang and the CIS.



**Northeast Asia****Activities of Hu Jintao, Chi Haotian in DPRK  
Noted****Talks Held With Kim Il-song***OW2707140293 Beijing XINHUA in English 1350  
GMT 27 Jul 93*

[Text] Pyongyang, July 27 (XINHUA)—Kim Il-song, president of the Democratic People's Republic of Korea (DPRK), today met with the visiting Chinese party and government delegation.

During the meeting, Kim said that DPRK attaches great importances to its traditional friendship with China and the DPRK people are grateful to China's help with the country's socialist construction.

He said he believed that the visit by the Chinese delegation will increasingly promote the friendly cooperative relations between the two countries.

The Chinese delegation, led by Hu Jintao, Standing Committee member of the Chinese Communist Party Politburo, arrived here Monday [26 July] to join today's celebrations of the 40th anniversary of the victory of the Korean liberation war.

Hu told Kim that China also values its bilateral traditional friendship with DPRK.

Under the current complicated international situation, Hu said, a further development of the bilateral traditional friendship is in the interests of both peoples and is conducive to the safeguarding of peace and stability in Asia.

Both sides also had exchanges on domestic situation and international issues of common concern.

**Kim Il-song Hosts Banquet***OW2707144293 Beijing XINHUA in English 1424  
GMT 27 Jul 93*

[Text] Pyongyang, July 27 (XINHUA)—The President of Democratic People's Republic of Korea (DPRK), Kim Il-song, hosted a grand banquet here this evening in celebration of the 40th anniversary of the victory of the Korean liberation war.

Foreign guests attending the banquet include Hu Jintao, Standing Committee member of the Chinese Communist Party Politburo heading a party and government delegation, Cambodian head of state Norodom Sihanouk and President of the State of Palestine Yasir 'Arafat.

Speaking at the banquet, O Chin-u, DPRK's minister of the Ministry of the People's Armed Forces, highly appreciated the great help and support given by many other socialist countries especially China in the victory of the Korean liberation war.

**Hu Meets Cambodia's Sihanouk***OW2807075193 Beijing XINHUA in English 0708  
GMT 28 Jul 93*

[Text] Pyongyang, July 28 (XINHUA)—Cambodian head of state Norodom Sihanouk today thanked China for its support of his country's peace process and home reconstruction.

Sihanouk made the statement during a meeting at his Pyongyang residence with Hu Jintao, a member of the Standing Committee of the Political Bureau of the Chinese Communist Party who is here to participate the victory-day celebration of Korea's national liberation war (1950-1953).

Sihanouk also said the Cambodian people will never forget those Chinese engineers who were killed while performing the United Nations peace-keeping mission in Cambodia.

Hu said China deeply respects Sihanouk for his role in bringing about the present peace and stability in Cambodia.

He also said that China believes that Cambodia will achieve its goals of sustainable peace, stability, national reconciliation and reconstruction under the leadership of Sihanouk.

**Hu, Chi Visit Historic Sites***OW2807111693 Beijing XINHUA in English 1102  
GMT 28 Jul 93*

[Text] Pyongyang, July 28 (XINHUA)—Hu Jintao, a member of the Standing Committee of the Political Bureau of the Chinese Communist Party, Wednesday [28 July] visited the old residence of Kim Il-song, the president of the Democratic People's Republic of Korea, in Pyongyang.

Hu, who is on an official visit here to join the celebration of the victory day of the Korean national liberation war (1950-1953), also visited the Kim Il-song Military University, the newly built, 27-meter high memorial tower dedicated to the victory of the national liberation war, and a revolutionary history museum in Pyongyang.

Hu was accompanied by Chi Haotian, the Chinese defense minister, and O Chin-u, the minister of the Korean People's Armed Forces.

**Chi Meets Yugoslav Army Chief***OW2807081193 Beijing XINHUA in English 0802  
GMT 28 Jul 93*

[Text] Pyongyang, July 28 (XINHUA)—Chinese Defense Minister Chi Haotian met here today with Zivota Panic, chief of general staff of the Yugoslav Army.

Chi, also Chinese state councillor, told Panic that the People's Liberation Army of China treasures its contacts with the Yugoslav Army.

He said that while sympathizing with them on their present difficulty, the Chinese people believe the people of the republics of former Yugoslavia will get through the present difficult period.

Chi is here as the deputy head of a party and government delegation to join the celebration of the victory-day of the Korean liberation war (1950-1953). Panic is also a guest of the Government of the Democratic People's Republic of Korea to the celebration.

Chi also reaffirmed China's position on the way of solving the crisis in former Yugoslavia—a settlement through peaceful and equal-footing negotiations among the parties concerned.

Panic said the Yugoslav Army cherishes its friendly ties with the Chinese Army, and that he is expecting full cooperation between the two armies after peace returns to the republics of former Yugoslavia.

#### **Qian Qichen Stresses Sino-ROK Cultural Exchanges**

OW2707115093 Beijing XINHUA in English 1133  
GMT 27 Jul 93

[Text] Beijing, July 27 (XINHUA)—Non-governmental cultural exchanges between China and the Republic of Korea (ROK) will help a lot in enhancing mutual understanding and trust between the two peoples, said Qian Qichen, Chinese vice-premier and foreign minister, when meeting here today with Son Chu-hwan, president of the Korean Foundation.

Qian said that the two countries' geographical proximity and key historical elements bring many advantages to Sino-ROK cultural exchanges.

Though there is a gap in the earlier history of the bilateral relations' development, Qian said, the two sides can still find many common interests for the future and make joint efforts in keeping the peace, stability and development of northeast Asia, through strengthening cultural ties step by step.

Son Chu-hwan said, the exchanges and cooperation between the two countries have developed quickly and widely since the ROK and China established diplomatic relations.

The people-to-people cultural exchanges are developing on a good basis laid by some nongovernmental organizations through exchange visits, said Son Chu-hwan.

He said he is confident of the bright future of Sino-Rok non-governmental cultural exchanges.

The Korean Foundation delegation headed by Son Chu-hwan arrived here last Saturday as guests of the Chinese People's Institute of Foreign Affairs. Liu Shuqing, president of the institute, and Hu Sheng, president of the Chinese Academy of Social Sciences, held talks with the delegation.

The delegation is also scheduled to visit Shanghai, Tianjin and some areas of northeast China.

#### **Satellite Station Links Shandong With ROK**

HK2807132593 Beijing ZHONGGUO XINWEN SHE  
in English 0903 GMT 28 Jul 93

[Text] Weihai, July 28 (CNS)—A direct satellite communications station in Weihai, Shandong Province, linking China with South Korea went into service on July 26, the first such communications station between the two countries.

Sixty lines are now open and when the project is completed the number of lines will total 480. Already the number of calls between the two places number 2,600 a day.

The South Korean side hope that this improved communications service will be a new starting point for cooperation between China and South Korea and will develop further.

Weihai City is located on the coast of Shandong Province and is the nearest point to South Korea. In recent years, economic contacts between the two countries have grown closer and since 1988, more than 2,200 economic groups totalling over 11,000 businessmen have visited the city from South Korea and over 200 delegations from Weihai have been sent to South Korea, establishing business relationships with over 500 South Korean enterprises. Weihai is now the city with the greatest investment by South Korean businessmen in the whole of China.

#### **ROK Minister Attends Opening**

OW2807042593 Beijing XINHUA Domestic Service in Chinese 0948 GMT 26 Jul 93

[Text] Jinan, 26 Jul (XINHUA) —The opening ceremony of an earth satellite station for communication between China and the Republic of Korea [ROK] was held in Shandong's Weihai today.

Wu Jichuan, minister of posts and telecommunications; Yun Tong-yun, ROK minister of telecommunications and posts; Zhao Zhihao, Shandong governor; and Yang Taifang, chairman of the Overseas Chinese Affairs Committee under the National People's Congress, made a special trip to Weihai to attend the opening ceremony.

Since China and the ROK established diplomatic relations, economic, technological, and cultural exchanges between the two countries have become increasingly frequent; the volume of communications has increased sizably, and the business volume of long-distance calls in Shandong Province alone has increased from a few hundred every month in the past to more than 50,000 calls at present.

The earth satellite station in Weihai leases the Ku band on a satellite over 174 degrees east longitude of the International Satellite Organization. It is an international communications earth satellite station of E3 standard with an ultimate capacity of 480 channels and an initial capacity of 120 channels. Currently, the number of long distance calls

linked by through circuit from Weihai to Seoul has exceeded 2,600 daily. The opening of the Weihai earth satellite station will play an important role in enhancing the mutual understanding and friendship between China and the ROK.

### **Southeast Asia & Pacific**

#### **NPC's Bu He, Delegation Arrive in Burma**

*OW2807080093 Beijing XINHUA in English 0740 GMT 28 Jul 93*

[Text] Yangon [Rangoon], July 28 (XINHUA)—A Chinese delegation led by Bu He, vice-chairman of the Standing Committee of the National People's Congress (NPC) and special envoy of the People's Republic of China, arrived here this afternoon.

The Chinese guests, who came to pay a good-will visit to this country at the invitation of the Myanmar [Burma] Government, were greeted at the Yangon airport by Myanmar Deputy Prime Minister Vice-Admiral Maung Maung Khin, Foreign Minister U Ohn Gyaw and Minister for Construction U Khin Maung Yin.

Chinese Ambassador to Myanmar Liang Feng was also present.

In a written statement at the airport, Vice-Chairman Bu He of the NPC Standing Committee said the main objective of his visit is to attend the completion ceremony of Yangon-Thanyin bridge, which he said is "another symbol of the deep friendship between the two peoples of China and Myanmar and a concrete fruit of the friendly cooperation between the two countries."

He believed that the visit will "deepen our mutual understanding, promote the friendship and further develop the two countries' relations."

#### **Luo Gan Visits Vanuatu Deputy Prime Minister**

*OW2807065493 Beijing XINHUA in English 0348 GMT 28 Jul 93*

[Text] Port Vila, July 28 (XINHUA)—Vanuatu Vice-Prime Minister Sethy Regenvanu reiterated here today that his country will stick to the "one China" policy.

In a meeting with visiting Chinese State Councillor Luo Gan, Regenvanu said that the "one China policy will remain fundamental" in Vanuatu's relations with China.

He said that Vanuatu would "maintain the stand at all regional and international forums, including the United Nations."

Regenvanu, who expressed his satisfaction with the present relations between the two countries, said that China, as a big country, has played an important role in the south-Pacific region.

Luo, who is also secretary-general of the State Council, expressed his appreciation for the "one China" policy which Vanuatu has maintained.

He told the vice-prime minister that "the Chinese Government attaches great importance to the development of relations between China and Vanuatu."

Since the independence of Vanuatu in 1980, Luo said, exchanges of visits between high-level officials and culture have been increasing.

He also reiterated that China's assistance to Vanuatu is without any condition and is on the basis of mutual respect and benefit, adding that nations in the world, big or small, should be equal in the world affairs.

He stressed that it is also important to increase South-South cooperation and that China is willing, together with Vanuatu, to make contributions to the safeguard of peace and stability in the region.

Luo arrived here on Sunday [25 July] for a week-long visit, the first leg of his south-Pacific trip, which will also bring him to Marshall Islands and Micronesia.

#### **Shandong Secretary Begins Visit in Australia**

*SK2807025693 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 27 Jul 93*

[Text] The Shandong Province's friendly and economic delegation headed by Jiang Chunyun, member of the CPC Central Committee's Political Bureau and secretary of the Shandong provincial party committee, arrived in Adelaide, capital of South Australia State, on 25 July. The delegation was warmly greeted at the airport by the government officials of South Australia.

On 26 July the provincial delegation successively paid an official visit to Frank Blevins, vice premier of South Australia; (Ben Flaunt), leader of the opposition party; and officials of the South Australia state parliament and the state cabinet. The delegation also visited the South Australia-China Trading Center and the arts center of Adelaide. They were warmly welcomed wherever they went.

On the evening of 26 July Lynn Arnold, prime minister of South Australia, hosted a grand banquet in honor of the province's guests with the participation of personages from various circles of South Australia. During the banquet Premier Arnold delivered an ebullient welcoming speech, in which he said that he was very happy to have an opportunity to receive the delegation headed by Secretary Jiang Chunyun. After reviewing the enthusiastic reception given by Shandong Province during his visit in May this year, in his speech he said that during his visit, he witnessed the tremendous achievements made by China and Shandong Province in economic construction. Shandong is a province in China that has achieved the fastest economic development, and the visit to China and the province made a deep impression on him. Over the past several years, the cooperation in various fields between South Australia and Shandong Province has achieved great development. South Australia has an especially friendly relation with Shandong Province and the potential of bilateral cooperation at present or in the future is very large. Therefore, the government of South Australia and its



various social circles are making efforts to further promote the development of the cooperative relation with Shandong.

During the banquet Secretary Jiang Chunyun also made a speech in return, in which he said that he felt extremely happy because the provincial friendly and economic delegation had an opportunity to pay a visit to South Australia at the invitation of the South Australia Government; because the delegation was warmly welcomed by the state government officials, including Premier Arnold, and personages from various social circles of the state; and also because the delegation had an opportunity to meet the friends of various social circles at the banquet. In reviewing the progress of friendly and cooperative relations between South Australia and Shandong Province, in his speech he said that the visit to South Australia this time is aimed at further deepening the understanding, enhancing the friendship, learning first-hand the achievements and experience gained by the state in developing cultural and economic undertakings, and boosting the bilateral and substantive cooperation and exchanges in the economy, trade, and technology. Through the common efforts made by both sides, the friendly and cooperative relations between the province and the state must be improved to a new level and must achieve new and greater progress. Jiang Chunyun said: The mutually supplementary economy between the province and the state is very strong, and the potential to develop trade and technical cooperation between them is tremendous. Prospects in these fields are broad. The cooperation of both sides should be based on the far-reaching targets and should be carried out by boosting in a down-to-earth manner the cooperative operation in various fields. He ardently hoped that the friends of industrial and commercial circles of South Australia may go to Shandong to invest their money in the province or to engage in the cooperation and exchanges of the economy, trade, and technology. Our province will support and encourage the provincial enterprises to go to South Australia to invest their money in the state or to open plants and business. He was convinced that based on equality and mutual benefits, both sides will certainly be able to cooperate. Since the establishment of friendly relations in 1986, our province and South Australia have achieved faster development in trade relations. By the end of May this year, the number of enterprises run by Australia reached 104. At the Qingdao trade talks this year, contracts on 45 investment projects were signed. A good trend in the economic cooperation between Shandong Province and South Australia has taken shape.

The Shandong provincial friendly and economic delegation arrived in Melbourne, capital of Victoria State, from Beijing on 24 July and was warmly welcomed by the Chinese consul general in Melbourne, the Victoria State

Government, and Overseas Chinese residing in the state. It also was received with warm hospitality.

### West Europe

**Ren Jianxin Meets European Patent Office Chief**  
*OW2707124693 Beijing XINHUA in English 1208*  
*GMT 27 Jul 93*

[Text] Beijing, July 27 (XINHUA)—Ren Jianxin, president of China's Supreme People's Court, met here today with visiting President of the European Patent Office (EPO) Paul Braendli and his party.

They exchanged views on intellectual property rights protection and other issues of common interest.

Ren said he hoped that co-operation between China and the EPO, which is bound to promote Sino-European co-operation in the fields of science, technology and trade, will be maintained and developed over a long period of time.

Prior to the meeting, Chinese State Councillor Song Jian also met here with Braendli and his party.

Braendli came to China at the invitation of the Patent Office of the People's Republic of China.

**British Aerospace Technicians Inspect Crash Site**  
*OW2607131593 Beijing XINHUA in English 1209*  
*GMT 26 Jul 93*

[Text] Yinchuan, July 26 (XINHUA)—Three technicians from the British Aerospace Corporation arrived here this afternoon to investigate the site of last Friday's [23 July] air crash.

The crash occurred when a BAe 146-300 airliner with 113 crew members and passengers aboard was taking off at the airport of this capital of northwest China's Ningxia Hui Autonomous Region. Fifty-nine people, including one Briton, were killed.

Meanwhile, the two black boxes of the plane have been found in the lake into which the plane sank, and they will be sent to Beijing for inspection.

### East Europe

**PLA General Returns From Eastern Europe**  
*OW2107115393 Beijing XINHUA in English 1113*  
*GMT 21 Jul 93*

[Text] Beijing, July 21 (XINHUA)—General Fu Quanyou, member of the Central Military Commission of China and director of the General Logistics Department of the Chinese People's Liberation Army, wound up his visit to Romania, Hungary and Poland, and returned here today.

### Political & Social

#### Li Peng Goes to Beidaihe; Deng Still in Beijing

HK2807063593 Hong Kong MING PAO in Chinese  
28 Jul 93 p 8

["Special dispatch" by special correspondent Chung Chih-ming (6946 1807 2494): "Li Peng Has Gone to Beidaihe, Whereas Deng Xiaoping Is Still in Beijing"]

[Text] Beijing—Chinese Premier Li Peng went to Beidaihe several days ago for a rest at a seaside resort. There is nothing abnormal about his physical condition. CPC veteran leader Deng Xiaoping, however, has not gone to Beidaihe and is still in Beijing.

Li Peng, who is convalescing, left Beijing several days ago with his family members and attendants to go to Beidaihe, situated northeast of Beijing, and rest at a seaside resort.

An informed source said that Li Peng's physical condition was normal. He went to Beidaihe as scheduled, primarily for the purpose of convalescence. CPC General Secretary Jiang Zemin and Vice Premier Zhu Rongji met Li Peng prior to his departure and told him to rest with peace of mind.

Li Peng's wife Zhu Lin, his office personnel, and other individuals are accompanying Li Peng during his Beidaihe convalescence, but an expert medical team did not follow him. The Central Medical Protection Bureau is responsible for Li Peng's medical care. In addition to this, the relevant medical units have formed a medical protection team at the central leaders's resort in Beidaihe to provide routine medical care.

Among the Political Bureau Standing Committee members, Jiang Zemin, Zhu Rongji, and Liu Huaqing are in Beijing; Qiao Shi and Hu Jintao are visiting foreign countries; and Li Ruihuan is in southern China. Li Peng is the only Political Bureau Standing Committee member who has gone to Beidaihe.

The informed source said that the high-level CPC leaders held a number of meetings not long ago specifically to propose an economic adjustment and a rectification of the financial order. Several central inspection groups have gone to various provinces; this shows that the high-level CPC leaders are now making efforts to ensure the implementation of instructions from previous meetings in an attempt to alleviate the economic problems in six months so that there will be further improvement in the economy. For the time being, high-level leaders will not hold meetings or make new decisions.

The informed source also revealed that CPC veteran leader Deng Xiaoping is still in Beijing and has not gone to Beidaihe. Whether he will go to Beidaihe this year depends on his physical condition. It has been said that the main worry is that medical conditions and equipment in other localities are inferior to Beijing's.

The informed source pointed out: For several reasons—because the weather in Beijing has changed a great deal

recently, high-level CPC leaders have a heavier workload, and Li Peng's heart disease is recurring—many high-level CPC officials, including General Secretary Jiang Zemin, have been given physical check-ups.

#### Tian Jiyun Addresses Congress Leaders

HK2707134593 Beijing FAZHI RIBAO in Chinese  
6 Jul 93 pp 1, 2

[Speech by Tian Jiyun, vice chairman of Standing Committee of the National People's Congress, at the "Forum of Leaders of Standing Committees of People's Congresses of Provinces, Autonomous Regions, and Municipalities on 3 July 1993 (Excerpts)"]

[Text] We have been holding this forum for a day and a half and have been comparing notes and exchanging experiences centering on how to further strengthen the work of people's congresses in the new situation, particularly on how to speed economic legislation, and how to strengthen supervision. We have put forward some very good opinions and proposals which are very enlightening. Here, I would like say something about the main issues which have been put forward.

#### I. Concerning the Position and Role of People's Congresses

It has been put forward at this forum that the most important issue currently is the understanding of the nature, position, and role of people's congresses. I agree with this view. To push the work of people's congresses forward, we should also properly solve this problem first and seek unity of understanding on the basis of the Constitution and other laws. In particular, we should have a clear understanding of the importance of strengthening the work of people's congresses in the new situation.

The Constitution stipulates that in our country, all power belongs to the people. The organs for the people to exercise state power are the National People's Congress (NPC) and people's congresses at all levels in various localities. The system of people's congresses is a fundamental political system of our country. Since the Third Plenary Session of the 11th CPC Central Committee, the construction of the system of the people's congresses and the work of the people's congresses in China have entered an important historical stage of development. In the past 10 years and more, people's congresses and their standing committees at all levels in various localities have made great efforts to fulfill their duties entrusted by the Constitution and other laws, have done great deal of work, focused on reform, opening up, and economic construction, and have made remarkable achievements. They are mainly the formulation of over 2,600 local laws and regulations, the examination and decisions of some important matters in respective localities, the unfolding of supervision over law enforcement and supervision over the work of administrative, judicial, and procuratorial organs, and the election, appointment, and dismissal of a large number of local functionaries of state organs. People's congresses and their

standing committees have also strengthened the construction of the organizational system of the standing committees of the people's congresses and have trained and tempered a contingent of cadres for the work of people's congresses. All this has further consolidated the system of the people's congresses, manifested the people's power in the management of state affairs, and laid a good foundation for local people's congresses to carry out their work in the future.

At present, the election of new people's congresses at the provincial level has been completed and the election of new people's congresses at the city, country, and township levels has also been completed in most localities. How the new local people's congresses should carry out their work effectively is a question everyone is thinking about. The coming five years is a crucial period for the transfer of the traditional planned structure to the socialist market economic structure and the realization of the second-phase strategic goal. The general situation and the general task of the country have set new demands on the work of people's congresses. New local people's congresses are faced with even heavier tasks. They should have a thorough understanding of this situation, persistently take the theory of building socialism with Chinese characteristics and the party's basic as guidance, take as a fundamental task the strengthening of the construction of socialist democracy and legal system, further give play to the role of local organs of state power, ensure the fulfillment in respective localities the tasks put forward at the 14th CPC National Congress and the First Session of the Eighth NPC, and energetically promote the establishment and perfection of the socialist market economic structure.

Strengthening construction of the socialist democracy and legal system and further perfecting the system of people's congresses is a fundamental goal and a fundamental task of our country. It is also an important guarantee to the realization of socialist modernization. Since the Third Plenary Session of the 11th CPC Central Committee, the Central Committee has repeatedly stressed that without democracy and the legal system, there would not be socialism or socialist modernization. Comrade Deng Xiaoping pointed out that in carrying out the four modernizations, we must grasp with two hands, that is, grasp construction with one hand and grasp the legal system with the other. The situation of democracy and the legal system is an important mark of the progress and civilization of a country. Only by earnestly developing socialist democracy and ensuring the people's democratic rights and interests can the people's enthusiasm and creativeness be aroused to carry out modernization and only by constantly consolidating the legal system can the establishment and perfection of the socialist market economic structure be guaranteed. Therefore, we must understand the construction of socialist democracy and legal system from the strategic height of the overall interests of modernization, keep abreast of the needs of the reform of the economic structure and economic development, and energetically promote reform of the political structure so that the socialist democracy and legal system can have a relatively big development. This is the common task of the whole party

and all the people of the country and is the bounden duty of people's congresses and their standing committees.

In the new situation, local people's congresses and their standing committees should be good at properly building democracy and the legal system to serve the center of economic construction through performing their duties. In our country, the fundamental goal of state organs such as people's congresses and the government is the same. All state organs are to promote the development of socialist productive forces, promote comprehensive development of the society, and build our country into a prosperous, democratic, civilized, and modern socialist country. However, each state organ has different duties in the division of work. People's congresses are not administrative organs and do not handle concrete administrative affairs which should be handled by the government, and people's congresses are not economic departments and are not directly engaged in the operation and management of production or circulation. Their basic duties are to exercise, on behalf of the people, various functions and powers in legislation, supervision, and so on stated in the Constitution, to do a good job in the construction of democracy and the legal system and to ensure and promote faster and better development of reform, opening up, and economic construction. Local people's congresses and their standing committees are local organs of state powers and how their work is done has a direct bearing on the progress of reform, opening up, and modernization of respective localities. People's congresses of various localities should proceed from local reality, earnestly exercise functions and powers stipulated in the Constitution and other laws, energetically explore and keep forging ahead, and push their work forward to meet the needs of the rapidly developing new situation.

## **II. Concerning Further Strengthening of the Supervisory Function of Local People's Congresses and Their Standing Committees**

At this forum, it is put forward that in the new situation of speeding up reform, opening up, and the development of the socialist market economy, it is necessary to grasp firmly the legislation of local laws and regulations and to strengthen supervisory work. Regarding the legislation of local laws and regulations, NPC Chairman Qiao Shi has already made it very clear in his speech at this session of the Standing Committee. Here I would mainly talk about supervision by people's congresses.

The power of supervision is an important function and power vested in people's congresses and their standing committees by the Constitution and other laws. The exercise of the supervisory power is to ensure that state administrative, judicial, and procuratorial organs conduct their activities according to the people's will. Such supervision is both to support and enhance the correct exercise of the powers of these state organs and to prevent the abuse of power. All state organs and their personnel must be put under supervision. The idea that one's powers can be without any restriction is a decadent feudal idea of privileges. Both history and reality have proven that power without restriction will certainly lead to corruption and



good cadres may also turn bad if there is no constant supervision. In recent years, local people's congresses at various levels have energetically explored, done a lot of work, and accumulated some experience in the consolidation of the supervision system and the implementation of supervision measures. However, we must also see that the problem of weak supervision remains to be a conspicuous issue in the work of people's congresses.

The masses of people urgently demand that people's congresses strengthen supervision work. Newly elected local people's congresses and their standing committees should do a good job, make greater efforts, stress effectiveness, and make new progress in supervisory work. Standing committees of city and county people's congresses should also regard strengthening supervision as the key point of their work. They should proceed from the reality of respective localities, think about what the people are thinking about, worry about what the people are worrying about, and define main problems to be solved in supervision work of each period.

At present, the masses have many complaints about the phenomena of not observing laws, not strictly enforcing laws, not investigating and dealing with violators of laws, replacing law with power, exerting pressure on law with power, replacing punishment with fines, and taking bribes and bending laws. This is a conspicuous problem in the construction of the legal system in our country. The Constitution of our country states that no organization or individual shall have the privilege of transcending the Constitution or the law. No matter how great the power or what amount of property you may have, you shall be investigated for your legal responsibility once you have violated the law. Much less is any law enforcer permitted to violate the law. People's congresses and their standing committees should grasp supervision of law enforcement with assurance. Carrying out inspection on the enforcement of laws and regulations is a form of legal supervision universally adopted in various localities. We should properly study how to make this form of supervision more effective. Standing committees of people's congresses should attach great importance to, seriously treat, and supervise and urge judicial organs to handle strictly according to legal procedures, complaints, charges, and accusations made by the people in their letters or during their visits. If a false or wrong accuse is found in any case, it must be corrected and must not be dealt with perfunctorily. Standing committees of people's congresses may organize investigations into some typical cases which have a great impact on the people. Others can be exposed by means of the mass media. They should also promote in-depth publicity and education on the legal system through various channels and in various forms to strengthen the awareness of law, and the ability of the broad masses of cadres and people to act according to the law. At present, some localities have conducted activities of administering the province, city, county, and enterprise according to law. They should sum up their experience so that better results can be achieved in the activities.

People's congresses and their standing committees should also further improve and strengthen supervision over the government, the courts, and the procuratorates. They should adopt various forms and means to properly carry out regular supervision work, including listening to, examining, and deliberating on reports on work of the government, courts, and procuratorates, and strengthening supervision over how plans and budgets are implemented. In recent years, some localities have arranged for people's deputies to make comments. This is a form of supervision created by the local people's congresses which have produced very effective results, particularly in counties and townships. In the future, they should continue to explore and to gradually make improvements. Strengthening the building of a clean government and resolutely meting out punishment for corruption is the eager desire and strong demand of the masses of people.

At present, China is in a period of change from the planned economic structure to the socialist market economic structure. Some cadres, taking advantage of the transfer from the old structure to the new and the overlapping of the two, use various ways and means to exchange power for money, to engage in corruption, to take bribes, to commit frauds out of personal considerations, and to violate laws and discipline in other activities. People's congresses and their standing committees should have a clear understanding of the new situation and characteristics of the anticorruption struggle, adopt effective measures, and strengthen supervision. It is necessary to supervise and urge judicial organs, procuratorial organs, and administrative supervision departments to strictly enforce the Supplementary Regulations on Punishing Crimes of Corruption and Bribery and Supplementary Regulations on Punishing Crimes of Smuggling issued by the NPC Standing Committee and other laws, and to give them support in getting rid of all interference, and in seriously investigating and handling major and important cases so that they can wind up those cases with good results.

How to make new progress in supervision is an important task facing the newly elected standing committees of people's congresses. The NPC Standing Committee is studying how to strengthen supervision over law enforcement and supervision over other work. Standing committees of people's congresses in many localities have formulated regulations and methods for supervision. It is necessary to seriously sum up experience, further define the contents, forms, and procedures for supervision, and give full play to the roles of various means of supervision so that supervision work can be carried out more forcefully and effectively.

### III. Concerning People's Congresses Exercising the Power of Appointing and Dismissing Cadres According to Law

Some comrades said that during the recent election, most localities paid attention to fully encouraging democracy and strictly acted according to law and that the people were satisfied with the election. However, violations of the Election Law and local organizational laws also occurred in a few localities. The problems were mainly expressed in



putting various restrictions on deputies' jointly nominating candidates and even investigating into and sticking political labels on candidates at random. Some localities did not act in accordance with laws concerning elections with the number of candidates greater than number of seats. Such practices were wrong because they set the party's principle for cadre management against the exercise of the power of appointment and dismissal by people's congresses. Our party is a ruling party and the party managing cadres is an important principle. Local CPC committees recommending leading cadres to local state organs is an organizational guarantee to the realization of party leadership over state affairs and to safeguarding and consolidating the position of the ruling party. People's congresses and their standing committees exercising the power of appointing and dismissing cadres is a method to realize this principle so that the cadres appointed meet the criteria of "four transformations" and are worthy of the name of people's servants. It should be said that the majority of cadres selected with the recommendation by the party after serious observation and listening to extensive opinions are good. It is possible that a few candidates may not conform with the will of the majority of the people. Even when cadres are properly selected, the question of having them understood and accepted by the majority of people through patient and careful work still remains and things should not be done in an oversimplified way. On the basis of careful work, things should be done according to legal procedures and no violation of the law is permitted. CPC committees should be good at turning the party's intention into the will of the people by means of people's congresses and their standing committees.

#### IV. Concerning Sizes of Organs

At the forum, we have all been most interested in the sizes of organs of people's congresses. The CPC Central Committee has attached great importance to this issue and has put forward on several occasions that it is necessary to further strengthen various functions of people's congresses and their standing committees and to earnestly give play to the role of the organs of state power. People's congresses have to shoulder heavy tasks and must have organs and a contingent of able and highly efficient working personnel commensurate with their work. The establishment and the number of staff of organs of people's congresses at various levels should follow the principle of basing on the needs of work and of ability and efficiency. The number of people needed is determined by the work and not vice versa. What is set up at the upper level may not be set at the lower one. For example, the NPC has set up eight special committees and what committees should be set up by people's congresses at the provincial level are to be decided by you in accordance with respective conditions.

Regarding prefectural working organs of people's congresses, in the past few years, standing committees of people's congresses of most provinces and autonomous regions have set up ~~agencies~~ at the prefectural level

according to the needs of work, and these agencies have played their role well. They should continue to sum up experience in this respect.

In the past few years, people's congresses of towns and townships in many localities have set up the post of "executive chairman of the presidium." During the current election of people's congresses of towns and townships, those who have an executive chairman of the presidium should seriously sum up their experience and those without one may postpone the establishment of such a post for the time being. In this spirit, various localities may further strengthen the work of people's congresses of towns and townships.

#### V. Concerning the Forum on Work of People's Congresses

It has been proposed that from now on, the NPC Standing Committee should convene more forums of local people's congresses to exchange information and sum up experience. I agree to this. Forums can be held in many forms. For example, after a meeting of the Standing Committee is over, comrades in charge of the standing committees of people's congresses at the provincial level who attend the meeting as observers can be asked to attend a forum. When the NPC is in session each year, comrades in charge of the standing committees of people's congresses at the provincial levels can also be asked to attend a forum. Forums of local people's congresses in neighboring regions and forums on a special topic such as that on the socialist market economic legislation can also be held. In short, the NPC Standing Committee should strengthen ties with standing committees of local people's congresses.

#### VI. Concerning the Strengthening of Publicity of the System of People's Congresses

This issue is included in the main points of work of the NPC Standing Committee. From now on, various forms should be used to strengthen publicity of the system and work of people's congresses. Some comrades have put forward that party schools at various levels should include the socialist democracy, the legal system, and the system of people's congresses into the content of training given to cadres. This is a good idea which I suggest party schools at all levels should consider. It has been suggested that the NPC Standing Committee should run a newspaper, and we are enthusiastically making preparations for this. At present, some standing committees of people's congresses at the provincial level have run a newspaper or other publications. I hope they can continue to run their publications properly.

#### VII. Concerning the Strengthening of the Building of Cadres of People's Congresses

At present, there are over 80,000 people in organs of people's congresses at the county level and above. It seems that, generally speaking, the quality of this contingent is not bad. They work conscientiously and diligently and have done a great deal of work for the consolidation of the system of people's congresses in our country. At present, people's congresses are shouldering heavy tasks and it is of

utmost importance to properly stabilize and build this contingent. First, it is necessary to properly carry out ideological work to encourage them to love the work of people's congresses and to dedicate themselves to the building of the socialist democracy and legal system. It is necessary to show concern for their growth politically. We should understand that people's congresses are also an important place for training and tempering cadres. Cadres who are politically and professionally strong should be boldly promoted and can be exchanged with those of CPC committees and the government. At present, some localities are acting in this way and have achieved very good results. It is necessary to show concern for the life of cadres of organs of people's congresses and to improve their working environment and living conditions as much as possible. The work of people's congresses is an important component part of the work of the party and the state. It is glorious to work for people's congresses and much can be accomplished. Leading comrades at various levels should show concern for and take care of this contingent, increase its cohesive force, and properly build it. As long as we, in the spirit of being highly responsible for the party and the people, enhance our revolutionary vigor, make concerted efforts, have our feet planted on solid ground, and quietly immerse ourselves in hard work, the work of people's congresses will certainly develop to a new level.

### Highlights of Banned Book on 'Disaster of Leftism'

HK2807095093

[Editorial Report] The banned book *Disaster of 'Leftism' in China*, allegedly written by Wen Yu [2429 5124], was published by the Zhaohua [Morning China 2600 5478] Publishing House in February 1993 and distributed by the Xinhua Bookstore Distributing Office in Beijing. The 556-page, 420,000-character book is divided into 14 chapters, all of which begin with short remarks by the author. Supported by factual reports, stories, and long quotations from relevant books and articles, the book gives a detailed account of events and expressions of "leftism" in China from 1927 to 1991.

The editors state in the preface to the book that it is a "lengthy panoramic historical record" of the "disaster of 'leftism' in China." The preface, which further states that "the ultra-'leftist' trend of thought is the chief source of all the calamities in the contemporary Chinese nation," "thanks the painstaking work of the author, who worked day and night to collect material, verify facts, research documents and literature, and write this book in order to present to readers the 'disaster of leftism' within the reality of history."

The book begins with an account of "leftism" as manifested under the leadership of Qu Qiubai, CPC general secretary from 1927-28, who formulated the "Central Work Plan," which actively promoted armed rebellion and staged uprisings all over the country. All such uprisings came to a tragic end, says the book, because they were "divorced from reality." Qu Qiubai himself was captured and executed by the Kuomintang in 1935.

The book then recounts the mistake of adventurism as committed by Li Lisan in 1930. Li, a party leader and "deviationist" in 1928-30, held that "a new climax of revolution is approaching" and regarded "the establishment of national revolutionary political power after scoring successes in one or several provinces as the party's general strategic policy." He also called for waging a "ruthless struggle" against and dealing "merciless blows" at comrades holding different views. General insurrections by workers and peasants were staged and an inner-party struggle was carried out. As a result, 58,500 people were arrested and 6,220 people lost their lives within six months.

The book goes on to describe Wang Ming's "leftist" dogmatism that "opposed all imperialism" and ended with the loss of nearly all the revolutionary bases and 90 percent of the Red Army. Wang Ming, a party leader of the Russian-trained faction in the CPC and a long-time rival of Mao Zedong, regarded "middle-of-the-roaders as the most dangerous enemies." The book also mentions the large scale anti-reactionary movement carried out in various revolutionary base areas between 1930 and 1934, when there were 10,000 cases of frame-ups, wrongful decisions, and false charges and numerous Red Army soldiers, founders of soviet areas, and innocent people were killed.

The book then describes the Rectification Campaign in Yanan in 1942 to ferret out spies, traitors, renegades, Trotskyists, and others. It quotes Kang Sheng, head of the Central Social Department at the time, as saying "70 to 80 percent of party-member cadres who have come to Yanan are politically unreliable."

The book also discusses the criticism of the film "The Biography of Wu Xun," which led to the victimization of noted writers Yu Pingbo, Hu Feng, and Ding Ling. This popular film about Wu Xun (1838-96), who went begging to finance his education, was criticized by Mao Zedong in 1951 as advocating bourgeois reformism.

One chapter in the book gives a description of the anti-rightist movement in 1957, in which "'snakes' were lured out of their holes" and over 550,000 people were labeled as rightists. Another chapter examines the establishment of the people's communes in 1958 and the "Great Leap Forward" movement of 1959-61, which caused "direct economic losses of 120 billion yuan" and "a decrease in population of over 40 million people" due to "abnormal deaths and reduced birth rates," and also "drastically lowered the people's living standard."

The dismissal of Defense Minister Marshal Peng Dehuai at the Lu Shan Meeting in 1959 for his criticism of the "Great Leap Forward" is told, as is the "Story of 'Liu Zhidan'" in 1962—Liu Zhidan was a noted high-ranking general in the Red Army and a founder of a revolutionary base in northern Shaanxi—which was alleged to have created enough "political capital for Xi Zhongxun [a member of the Political Bureau and Secretariat of the CPC Central Committee in 1982] to usurp the party and the country."

The book relates criticism in 1959 of philosopher Yang Xianzhen, president of the CPC Senior Party School, for "opposing the three red banners" of the general line, the people's commune, and the Great Leap Forward, and it also examines the "socialist education" in 1964 that was aimed at "rooting out revisionism in the rural areas."

The book devotes two chapters to detailed examples of "leftism" in the "Great Cultural Revolution." In his introductory remarks to the first chapter, called "Unprecedented Disaster," the author asks: "Has there ever been a more comprehensive, tragic, and sweeping disaster since the very beginning of Chinese civilization?" He goes on: "One person became 'god' and tens of thousands fell into the abyss. Apparently something new and more 'leftist' opposed 'leftism,' which was reaching the peak of perfection, and 'leftism' was called 'ultra-rightism,' until the entire universe become lifeless with moving people.... the cruel earth echoed with hypocritical joy and laughter, and the air was filled with lies and shameful splendor."

In his introduction to the next chapter, "Miscarriage of Justice Throughout China," the author states: "The miscarriage of justice was found all over China. How many, from ordinary people to generals to the president of the Republic, could escape by sheer luck? ... Battle-tested General Luo Ruiqing, who desperately resisted and jumped from an upper floor and broke his leg, was also carried in a rattan basket to be criticized and repudiated at a meeting attended by 10,000 people. Liu Shaoqi's [then PRC president] remains were found lying on a cellar floor, with matted gray hair over one foot long and a deformed nose and mouth.... The numerous creators of the tragedy were without exception also part of the tragedy." The author urges future civilizations to remember "this dark page of human history" and says that "brightness cannot be blocked out with guns and history cannot be drowned with waves of blood." He says the "thunder of a new era is approaching."

In the concluding chapter, "The Phantom Refuses To Leave," the author gives an account of the "two what-ers" (resolutely support whatever policy decisions Mao made and unswervingly follow whatever instructions Mao gave), a concept put forward by former CPC Chairman Hua Guofeng, the emergence of a "new big leap forward" in 1977, and the dispute over "what is socialist and what is capitalist" in 1991.

In view of the repeated appearance of "leftism," the author asks: "How can a nation vanquish 'leftism,' the god of plagues, if even such misfortunes cannot awaken the unfortunate nation? When will the sufferings of the country and the people end if the god of plagues is not vanquished?" In conclusion, the author says it is "high time" for the people to "stop playing a tragic role," to "abandon their deformed selves," and to "march toward the hopeful tomorrow."

## Economic & Agricultural

### Li Lanqing Congratulates Internal Trade Ministry Founding

OW2807104793 Beijing XINHUA in English 1006  
GMT 28 Jul 93

[Text] Beijing, July 28 (XINHUA)—The Chinese Ministry of Internal Trade was officially established here today.

The new ministry was founded on the bases of the former Ministry of Commerce and Ministry of Materials and Equipment, both of which were dismantled under the government's institutional reform scheme approved at the first session of the 8th National People's Congress held in March this year.

Chinese Vice-Premier Li Lanqing, on behalf on Premier Li Peng and Vice-Premier Zhu Rongji, congratulated the ministry on its founding.

Li said the establishment of the ministry was aimed at breaking the long-standing, chronic separation of Chinese markets for living materials and capital goods. It will also help open more links between rural and urban markets and between domestic and international markets.

The most important task for the new ministry, according to Vice-Premier Li, is to establish a unified and open market system so as to quicken China's drive to join international markets.

Zhang Haoruo, the newly-appointed minister of internal trade, said that the ministry will concentrate its efforts on the fields such as the state's reservation, purchasing and marketing of grain and cotton; a better supply of farming materials and machinery; a better supply of goods for the state's key production and construction projects and the granting of import and export rights to large and medium-sized state circulation enterprises.

Also attending today's ceremony were leaders from the state's 40-plus ministries.

### Li Lanqing Greets LIF; Relays Li Peng's Message

OW2807095193 Beijing XINHUA Domestic Service in Chinese 1047 GMT 15 Jul 93

[By reporters Zhou Liang (0719 0081) and Li Zhurun (2621 4554 3387)]

[Text] Beijing, 15 Jul (XINHUA)—An inaugural ceremony for the China Light Industry Federation [LIF] was held here today. On behalf of the State Council, Li Lanqing, member of the CPC Central Committee Political Bureau and vice premier of the State Council, attended the ceremony and warmly congratulated the federation's inauguration.

Establishing the federation to replace the Ministry of Light Industry represents our country's active exploration of ways to reform special economic administrative departments during the process of fostering a socialist market economy. At the ceremony, Vice Premier Li Lanqing said: The 14th national party congress set the general goal of



reforming the socialist market economy, and the First Session of the Eighth National People's Congress [NPC] adopted in principle the State Council plan for organizational reform. During the current organizational reform, the party Central Committee and the State Council selected the Ministries of Light Industry and Textile Industry—which underwent functional changes earlier than others—as experimental units and decoupled them from enterprises to give them experience in trade management. Since State Council industrial departments must shift to macroeconomic management, their personnel should be streamlined substantially; this is a significant reform. That the Ministries of Light Industry and Textile Industry have been converted into federations and removed from the government ranks of the State Council is by no means a cosmetic reform; it is a pioneering reform of highly profound significance.

He said: Light industry primarily produces consumer goods; it is vital to the national economy and the people's well-being and is closely intertwined with the livelihood of the broad masses of people. In the past, the Ministry of Light Industry devoted substantial efforts to developing light industry, achieving tremendous results in this regard. By establishing the LIF, we hope to promote light industrial development through greater legal, economic, policy, and regulatory means; sectoral coordination; and convention-type arrangements among enterprises.

He stated: Establishing the LIF is a pioneering cause. The federation shoulders heavy responsibilities, and the State Council places high hopes upon it. He stated hopefully: LIF comrades must ensure success in the current reform and set an example for reforming other departments. They should successfully carry out their work regardless of how formidable the difficulties and resistance they may encounter.

At the ceremony, Vice Premier Li Lanqing also relayed the congratulatory messages of Premier Li Peng and Vice Premier Zhu Rongji on the federation's establishment. Tian Jiyun and Wang Guangying, vice chairmen of the NPC Standing Committee, specifically offered their congratulations over the telephone. State Vice President Rong Yiren wrote the following inscription to greet the federation's establishment: "Institute a New Management System and Promote the Development of Light Industrial Production."

China LIF President Yu Zhen chaired and addressed the ceremony.

Ni Zhifu, Wang Bingqian, Luo Gan, Yang Rudai, and Hong Xuezhi, along with leading cadres from relevant State Council ministries and commissions, attended the ceremony.

#### State Tightening Macroeconomic Control

HK2807035793 Hong Kong WEN WEI PO in Chinese  
27 Jul 93 p 2

[Dispatch from Beijing by staff trainee reporter Yang Fan (2799 1581): "PRC Strengthens its Central Authority To Ensure the Smooth Implementation of the Executive Orders"]

[Text] Beijing, 26 Jul—After the CPC Central Committee promulgated the "16 Regulations" (Document No. Six) in early July, which sought to strengthen macroeconomic regulation and control, the state organs, troops, and local governments across the country quickly responded by working out concrete measures to implement the spirit of the "16 Regulations" and step up macroeconomic regulation and control in light of local and departmental realities.

According to a locally based authoritative source, a large number of the problems plaguing China's economic development since last year can to a large extent be attributed to the fact that many localities and departments have failed to vigorously implement the central policies and measures or have even gone their own way and refused to carry out the central orders. As a result, central authority has been undermined. Nevertheless, the measures promulgated by the localities and departments concerned have given people the impression that central authority has now been restored and strengthened.

The authoritative source cited the following examples to prove its point: The State Planning Commission has already held an enlarged meeting on implementing the spirit of Central Document No. Six. The meeting called on officials at all levels to truly strengthen ideological unity in accordance with the spirit of Central Document No. Six, to take concrete action to safeguard central authority, to effectively carry out executive orders, and to strictly enforce all orders and prohibitions. The Federation of Light Industry also held a similar meeting, which emphatically stated: "It is necessary to implement and carry out to the letter all 16 central regulations by making resolute efforts to screen, rectify, and ban in accordance with the central spirit all operations which are possible in some trades and professions but which are contrary to the spirit of Central Document No. Six." The People's Liberation Army General Logistics Department has vowed to resolutely safeguard the authority of both party discipline and state administrative orders, stating: "We will run properly all enterprises which have been approved by the central authorities and stop running all enterprises which have been disapproved by the central authorities."

Sources said that, under a unified guiding ideology for implementing the spirit of the "16 regulations" promulgated by the central authorities, the state economic departments and local governments at all levels stressed different aspects of work in formulating the corresponding measures. As a result, the state economic departments have formulated measures aimed at strengthening macroeconomic management. For example, the State Planning Commission has formulated measures aimed at stepping up macroeconomic regulation and control of the scale of investment and the investment structure for fixed assets, individually screening all projects under construction, strengthening supervision and control of the general price level, improving management of market commodity prices, and so on. Nonetheless, local governments at all levels adhered to a different principle in formulating the corresponding measures. For example, major cities, such

as Beijing, coastal provinces, such as Shandong and Zhejiang, and hinterland provinces, such as Shaanxi, have formulated measures aimed primarily at improving practical local work, including concrete measures of rectifying the local financial and banking order, banning indiscriminate and unauthorized charges, screening real estate development projects and development zones, improving financial management, and so on.

However, the "16 Regulations" promulgated by the central authorities as well as the concrete measures worked out by various localities have barely touched upon foreign investment, except in very few fields, such as taxation, real estate, and development zones. According to concerned sources, the Ministry of Finance has called on all localities to tighten taxation control over all enterprises run with "three types of capital" [foreign capital, overseas Chinese capital, and the combination of Chinese and foreign capital] and stop introducing new tax exemption and reduction measures. Regarding real estate and development zones, it has called for screening foreign-funded projects built in violation of state laws and regulations. Other types of foreign-funded projects will not be affected, however. Besides, a large number of local measures are explicitly aimed at absorbing and correctly guiding foreign investment.

#### **State Planning Commission Strengthens Its Sense of Reform**

State Planning Commission noted that, in order to implement and carry out Central Document No. 6, it is necessary to work in a correct orientation and especially enhance a sense of reform. It is also necessary to vigorously improve all macroeconomic regulation and control methods and employ more economic measures and legal means in accordance with the relevant requirements for gradually building a socialist market economic structure. When strengthening macroeconomic regulation and control, it is essential that we avoid following the beaten path and resorting to past practices.

In a speech delivered this year, State Council Vice Premier Zhu Rongji pointed out: No reform is without negative effects. In the opinion of the CPC hierarchy, China's economic growth will slow down a bit in the second half of this year following the implementation of the "16 Regulations." As a result, some production enterprises will probably witness reduced output or may even suspend operations. Their sales volume of their products will also drop correspondingly. The construction of certain projects will also be slowed down or suspended, and the amount of funds owed will multiply among the enterprises. Were no measures to be taken or implemented to the full, however, the bottleneck departments would inevitably hinder the country's economic growth still further, intensifying the contradiction in the supply and demand of capital and giving rise to soaring inflation.

In face of this situation, while implementing the "16 Regulations" and formulating corresponding measures, all departments and localities concerned have repeatedly urged people to remain sober-minded and keep pace with

the central authorities. While studying and formulating measures to implement the "16 Regulations" promulgated by the central authorities, the Navy CPC Committee Standing Committee emphatically called for providing guidance to people so that they will be able to overcome negative and pessimistic sentiments arising from their failure to clearly see various favorable economic factors. The Zhejiang Provincial CPC Committee recently called for "clearly understanding the situation, making a success of the work, bracing ourselves, providing encouragement, overcoming pessimism, stopping arguments, and putting an end to complaints." It is believed that this motto is aimed at eradicating the negative psychological impact of the macroeconomic regulation and control measures.

#### **Bao Xin 'Letter' on Macrocontrol, Regulation**

HK2807031393 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 28, 12 Jul 93 p 2

["Letter From Beijing" by Bao Xin (7637 0207): "The Purpose of Macrocontrol and Regulation Is To Promote Reform and Development"]

[Text] Brother:

Recently there have been many reports by foreign media about China's readiness to implement a series of macrocontrol and regulatory measures. As I have learned, the Chinese Government's purpose in adopting macrocontrol and regulatory measures is to regulate the already tight macroeconomic environment to ensure the sustained and steady development of rapid economic growth. This corresponds with Deng Xiaoping's talks during his southern tour last year and the policy formulated by the 14th CPC National Congress on seizing the opportunity to expedite the pace of reform and development.

Since last year, China's economy has entered a period of rapid development. It registered an increase of 12.8 percent last year and an increase of 15.1 percent in the first quarter of this year. However, new contradictions and problems also have arisen, such as confusion in financial order, expanding demand for investment and consumption, deterioration of financial difficulties, worsening "bottleneck" restrictions on basic facilities and industries, price hikes becoming faster, and inflationary pressure becoming heavier.

In early April this year, the CPC Central Committee and the State Council held an economic work forum to focus people's attention on these contradictions and problems, which had begun to emerge at that time. A series of necessary measures were taken as well, but so far these problems have not been resolved completely. In viewing the economic situation from an overall and long-term angle, and correctly understanding the present economic situation, we will easily acquire a good idea of the necessity for taking further such macrocontrol and regulatory measures. In the course of economic development, there is a need to seize opportunities, expedite development, pay attention to steadiness, and avoid losses, particularly big losses. The purpose of carrying out macrocontrol and regulation is to expedite reform and development.

As a matter of fact, to resolve problems in the economy it is necessary to expedite the pace of reform and opening up. Fundamentally speaking, new contradictions and problems in economic work at present have resulted from the shortcomings of the old economic structure. On the other hand, a new socialist market economic structure has not taken shape, so the problems of blindly expanding investment, competition for development rates, and the lack of an effective mechanism for restriction have not been resolved fundamentally. The way out for China's economy, of course, is deepening reform; accelerating the establishment of the socialist market economic structure; and, in particular, expediting monetary structural reform, investment structural reform, and financial structural reform.

When carrying out macrocontrol and regulation, both economic methods and administrative means should be applied, with stress on applying economic methods, economic policies, economic legislation, and other indirect regulatory means. Only thus can we effectively resolve the present macroeconomic problems, increase microeconomic vitality, and fully display the role of the market mechanism. However, administrative means also should be used to resolve the confused economic order resulting from administrative behavior.

As has been learned, the macrocontrol and regulatory measures China will take are mainly as follows:

- Stabilizing the financial situation through effective measures, exercising proper control over the issuance of money and loans, rectifying financial order, and resolutely curbing all kinds of arbitrary fund raising.
- Expediting reform of the financial, investment, and taxation structure; further improving the issuance of negotiable securities and standardizing market management; improving foreign exchange management methods and stabilizing foreign exchange prices.
- Verifying and sorting out the projects under construction and strictly controlling newly started projects.
- Actively and steadily carrying out price reform and controlling the general price level so that it will not rise too quickly.

In implementing these measures, China will continue to pay close attention to agricultural problems and will implement all kinds of policies on stabilizing and developing agricultural production.

It can be expected that the implementation of these macrocontrol and regulatory measures will ensure sustained, high economic growth and also will help create the necessary macro conditions for more rapid reform and opening up. China's economic prospects are optimistic and encouraging. Yours,

[Signed] Bao Xin

[Dated] 4 July

### **Economist Views Current Situation, Measures**

HK2807065193 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 28, 12 Jul 93 pp 4-5

[Article by Qiu Xiaohua (6726 2556 5478): "How Should We Look at the Current Economic Situation in China and What Measures Should We Take?"; first paragraph is editor's note]

[Text] Since the end of last year, economic circles and public opinion both at home and abroad have become embroiled in a controversy over whether China's economy is overheated and on how hot it has become. Due to the complicated nature of China's economy during the transitional period, it is indeed very difficult to get a clear view of the moon through the layers of clouds. In an article written exclusively for this magazine, Qiu Xiaohua, a noted economist with the State Statistical Bureau, has aired his authoritative views on this issue.

In contrast with most countries and regions in the world which are currently plagued by an inability to bring about economic recovery, China has been enjoying a high-speed economic growth over the past several years. The "red" warning light raised recently by the comprehensive economic indexes have given many in Chinese economic circles cause for concern. How on earth should we assess the current economic situation? People have been closely following this question.

First, it is completely normal for different sides to have different assessments of the current economic situation. Such a situation is attributable to the following three factors, which constrain our evaluation of China's current economic situation: 1) Because China is currently in the middle of the transition from the traditional planned economic system to the new market economic system, various new economic phenomena, including stock, real estate, and development zones, are often in "gray" areas which people cannot clearly identify at first glance. This inevitably adds to the difficulties people are facing in making an evaluation of the current situation and subsequently gives rise to different opinions. 2) Numerous new changes have taken place in China's social and economic situations alongside the progress of reform and opening up. Among all the changes, one is that the setup of interests, which was monopolized by the government for a long period of time, has been smashed and a pluralistic body of interests has taken shape. Of the total output value of domestic production, the share allocated to the state accounts for less 20 percent; collective sectors receive approximately 20 percent; and individuals receive over 60 percent. The money supply of society already consists of "three equally important parts," namely budgetary capital, credit, and extrabudgetary funds. Proceeding from their different stances, different interest groups undoubtedly have different views on the current situation. 3) The sufficient supply of varied economic information has indeed helped people assess the current situation, but this variety will also make people reach different conclusions. Therefore, an objective understanding of the aforementioned three factors can help us correctly study different



views on the current situation and then draw a conclusion which best conforms to reality.

**Second, when observing and assessing China's current economic situation, we should pay attention to distinguishing the short-term situation from the medium- and long-term ones. From a short-term point of view, China's economy is experiencing comprehensive growth, and its production and construction are growing at high speed. During the first half of this year, the total output value of domestic production went up by about 14 percent over the same period last year; industrial production by over 20 percent; and fixed assets investment by over 50 percent. All these show that China's comprehensive national strength has been further reinforced and its social productive force has been further developed. Meanwhile, the per capita living expenses of urban dwellers increased by about 28 percent, and the per capita cash income of rural residents went up by over 10 percent. While vigorously purchasing negotiable securities such as bonds and stocks, urban and rural residents have put an additional total of 100 billion yuan into their bank savings accounts. This has served to show that our people have been benefited by the high-speed economic growth, and further improvement in their living standards has been registered. The total retail prices of commodities in society during the first half of this year went up by more than 20 percent over the same period last year. All these have clearly demonstrated that China's current economic situation is sound. From a medium- and long-term point of view, however, because China's high-speed economic growth is primarily based on high inputs and high consumption levels featured by major increases in investment, money supply, financial expenditure, and imports, China's macroeconomic situation apparently tends to be tight and "bottleneck" restrictions are conspicuous. Commodity prices went up by large margins, and both the retail price index and the index of living costs recorded a 10 percent increase during the first half of the year. All these have shown that the present economic situation featured by high-speed growth cannot last long and the problems that are cropping up now have not only impaired the current economic stability but have also laid obstacles for a sustained high-speed economic growth in the future. We should pay close attention to this situation and adopt effective and powerful measures to solve existing problems.**

**There are many reasons behind the current problem, in which inflation has deteriorated now that economic development has accelerated. Judging by superficial factors, the primary cause is the adverse impact of both the unduly rapid increase in investment and the chaotic monetary order. Viewed from a deeper level, the problem is primarily caused by the failure to successfully make the new and old financial systems dovetail: The original system's defect in exercising effective restrictions have not yet been rooted out completely, while an effective macroeconomic control and regulation system and a standardized market readjustment mechanism have not yet taken shape under the new system. In particular, macro-level reforms in the areas of the monetary system, finance and taxation, and investment are apparently lagging behind, and no substantive**

progress has been made. Such a situation—which obviously falls short of the requirements of the new situation—also has something to do with the imperfect legal system. The coexistence of high-speed economic growth and deteriorating inflation during the process of economic circulation is primarily caused by the failure to enhance the efficiency of resource allocation and utilization as well as the failure to transform the poorly organized economic setup. Therefore, the fundamental solution still lies with the effort to deepen various reforms, to turn the poorly organized economic setup into a well-organized one, and to vigorously enhance our economy's input-output efficiency.

**China's economic development during the second half of this year largely hinges on its choice of policies for macroeconomic control and regulation. There exist three possibilities and three choices: 1) People may fail to attach adequate importance to existing problems. If the current situation is allowed to develop unchecked, the temperature of economic operations may continue to go up, and economic growth for the entire year may well exceed 14 percent. Under such circumstances, prices will go up drastically, and the entire economic development process will eventually go out of control. 2) People may pay close attention to the superficial causes of their problems and further intensify macro-level austerity measures. As a result, the high-speed economic growth will soon become low-speed, but the growth rate of the entire year will still be able to reach 10 percent, and commodity prices will basically remain the same as they were during the first half of year. 3) Having realized these causes at a deeper level, people may pay simultaneous attention to effecting temporary as well as permanent cures to existing problems and may strive to keep social demands, which are increasing at an unduly fast pace, under control through microeconomic regulations. Meanwhile, efforts will be taken to intensify the dynamics of reform. By so doing, we can gradually alleviate all the existing contradictions, maintain the economic growth of the entire year at about 12 percent, and keep price rises within a scope bearable to all social sectors. The third is obviously the most practical choice.**

**To solve major problems currently existing in economic life and to steadily bring the economy from the "red light" zone back to the "yellow light" zone, we need to adopt macroeconomic control and regulatory measures in two aspects: We need to keep control over investment demand—which has been growing at an unduly fast pace—and speed up the structural readjustment while also deepening macroeconomic reform and rectifying and standardizing the economic order. The following measures can be adopted at the present stage: 1) Efforts should be taken to strengthen the examination of new investment projects and strictly forbid the expansion of the present scale of investment; 2) It is imperative to reinforce control and regulation on investment capital, actively standardize various monetary activities, and permanently ensure rational investment growth; 3) It is necessary to appropriately adopt or put off a number of processing industrial projects and real estate development projects, pool funds, invest more in transport, energy, and farmland capital construction, improve**



basic industries, and solve the problem of insufficient supply of infrastructural facilities; 4) strides should be taken to reinforce tax collection and management, to strike blows at tax evaders, and to try our best to improve our country's financial situation; 5) efforts should be taken to regard monetary reform as a breakthrough point and vigorously speed up the pace of structural reform for the macroeconomic control and regulatory system. Primarily aimed at reorganizing the central banking system, reform of the monetary system is expected to readjust the functions of the system and succeed in stabilizing currencies as well as remold the entire structure, cut unnecessary levels, and set up branches in major regions instead of in administrative regions. Meanwhile, we should strive to do a good job in helping specialized banks separate policy decisions from business decisions. On this basis, we need to further accelerate the reform of the financial, taxation, and investment systems, strengthen various economic laws, bring economic construction and reform into a legal orbit, and ensure the rapid and sound development of our economy.

#### Official Notes Unemployment 'Set To Swell'

HK2807061993 Hong Kong AFP in English 0547 GMT 28 Jul 93

[Text] Beijing, July 28 (AFP)—China's jobless rate is set to swell as an offensive to cool the economy and implement market reforms leads to a rise in enterprise closures, a Labour Ministry official said Wednesday. The number of urban unemployed at the end of June was 3.6 million, up 9.1 percent from the same period last year, the ministry's employment department director Zhang Xiaojin told AFP. At the same time, the number of urban jobs dropped by 1.13 million to 146.8 million. But the jobless rate remained low—2.3 percent—because the overall workforce also grew, Zhang said. The figure does not include rural areas, where there are more than 100 million surplus labourers.

Unemployment would widen because of a newly announced policy to rein in credit and push forward market reforms aimed at ending government subsidies to state-owned enterprises, he said. "We expect the number of enterprises being shut and stopping production to be relatively large," Zhang said, adding that the situation was already "quite serious" in some sectors. Rural workers flooding into cities was also a growing problem and measures were being drawn up to deal with it.

Zhang voiced confidence in dealing with the expected rise in unemployment, but said the government "cannot treat the problem lightly." A social security network was expanded from May 1 to include benefits for virtually all unemployed, he said, adding that the network could provide benefits for one million jobless. "We now have the power to support this problem," Zhang said. China's last wave of high unemployment was triggered by a three-year austerity program launched in late 1988. At its worst, between six and seven million enterprise workers were not receiving wages. "Even in the worst case, the situation will not compare to 1989," he said. Worker unrest was one contributing factor to the pro-democracy movement in

1989. The ministry was coordinating plans to create more jobs, which included preferential policies for enterprises providing more employment opportunities and encouraging urban residents to set up share-holding companies in labor-intensive service industries.

#### Supervision Over Construction Projects Strengthened

OW2807111293 Beijing XINHUA in English 1100 GMT 28 Jul 93

[Text] Beijing, July 28 (XINHUA)—After a four-year trial, China will implement specialized supervision over construction projects throughout the country.

The supervision, which will focus on limiting spending, holding construction periods within contracted terms and ensuring construction quality, will be carried out by over 500 specialized companies across China on behalf of project owners.

To standardize the supervision, the China Association of Engineering Consultation and Project Management (CAECPM) was established here today.

"The establishment of CAECPM indicates China's determination to reform traditional project management and to greatly raise investment efficiency, which has stayed rather low compared with that of developed countries over the past few decades," said CAECPM Director Tan Qinglian.

"It's imperative to strengthen the supervision over construction projects as construction quality as a whole has dropped due to too many capital projects springing up since the latter half of last year," said Tan, who is also a vice minister of construction.

According to him, only two percent of the country's construction projects involving less than 10 percent of total investment volume have implemented the specialized supervision system. Others are still managed by the project owners themselves, which often results in great waste due to a lack of professional expertise.

If China increased the number of projects managed by the advanced system by one percent, the country would save about 300 million yuan in construction spending, noted Tan.

Some cities including Shenzhen and Beijing have stipulated that projects involving an investment volume exceeding one million yuan must employ the specialized supervision.

Tan revealed that the Ministry of Construction and the State Planning Commission have been working on an official document which will demand that large and medium-sized projects be subjected to such supervision without exception.

China started to enforce specialized supervision over construction projects in 1988. During the four-year experimental period, over 500 supervision companies have completed supervision of 1,600-odd construction projects, involving over 230 billion yuan in investment funds.

**Beijing Plans To Audit Financial Institutions**  
*OW2707040693 Beijing XINHUA in English 0312*  
*GMT 27 Jul 93*

[Text] Beijing, July 27 (XINHUA)—The Auditing Administration of China has decided to strengthen auditing and supervision of domestic financial institutions in September and October of this year.

The move is aimed at implementing a recent decision on rectifying the financial market made by the central authorities, the PEOPLE'S DAILY reported today.

The administration has issued a circular to various localities on strengthening financial auditing and supervision.

The auditing will concentrate on screening and redressing illegal practices in the areas of issuing inter-bank loans, investment, interest-rate policies, misappropriation of credit funds in real estate, issuance of various-form bonds, financial setups, and accounting.

**Beijing Establishes National Silk Trade Center**  
*OW2707064393 Beijing XINHUA in English 0607*  
*GMT 27 Jul 93*

[Text] Beijing, July 27 (XINHUA)—China recently set up a national silk trade center in Jiaxing City, in its eastern Zhejiang province.

According to Liu Xiangdong, assistant minister of foreign trade and economic cooperation, trading in the form of futures, spot and contracted transactions will be carried out at the trade center, which is located in the economic development zone of Jiaxing City.

Merchandise that will enter the trade market includes cocoons, silk, silk fabric, garments, silk-related raw materials, textile fabric and artificial silk.

"At the market, all enterprises, whether state-owned, collectively-owned, private or joint ventures, will equally enjoy the favourable policies of the government," Liu said.

With an annual output of 50,000 to 60,000 tons of raw silk, China is the largest silk producer in the world. China's raw silk output accounts for 65 percent of worldwide production.

**State Council Circular on Production Safety**  
*OW2707093393 Beijing XINHUA in English 0833*  
*GMT 27 Jul 93*

[Text] Beijing, July 27 (XINHUA)—The Chinese State Council has issued a circular, urging greater efforts to ensure safety in production.

The circular urged localities and departments to take effective precautionary measures and eliminate potential dangers in production.

The State Council circular was issued following reports on sharp increases in the job accidents in the first half of this year which resulted in tremendous losses to the state and to

workers' personal safety and has had a negative effect on China's reforms and economic development.

The State Council urged leading officials in localities and departments to vigorously enforce and strictly implement the necessary work rules and regulations concerning safety in production.

It called special attention to safety in production in rural industries, foreign-funded and private enterprises.

It said that those who violate the law, regulations and rules on employees' safety in production will be subject to punishment.

The circular also stressed education and training of the workers and the mobilization of workers to supervise over safety measures.

**Article Analyzes Foreign Exchange Situation**  
*HK2707141593 Hong Kong LIAOWANG OVERSEAS*  
*EDITION in Chinese No 27, 5 Jul 93 pp 3, 4*

[Article by Chen Ming (7115 6900): "Analysis of Foreign Exchange Situation in Mainland China in Near Future"]

[Text] A strong fluctuation in the renminbi exchange rate has surfaced in Mainland China's foreign exchange market since the beginning of this year, arousing the grave concern of economic circles at home and overseas. Through an analysis of the situation linking economic reform and development in China in recent years, it will not be difficult to see that there are inevitable factors as well as accidental factors.

**Drastic Rise in Value of the Dollar**

Sometime ago, the official renminbi exchange rate was maintained at the level of 5.75 yuan to the dollar, whereas the regulated renminbi exchange rate against the dollar rose from 7.86 yuan last January to 8.56 yuan in February; this signified an accumulated 40 percent devaluation of the renminbi against the dollar on the regulated foreign exchange market.

The renminbi's devaluation by a wide margin on the regulated market has exerted some negative effects on economic life in Mainland China. For example, there have been difficulties in acquiring foreign exchange needed for agricultural production, key national projects, such as communications, transportation and energy infrastructure, and necessary technological transformation. At the same time, it has increased enterprise's burden in repaying foreign debt.

To halt the abnormal demand for foreign exchange and crack down on speculation, the various regulated foreign exchange markets implemented a measure to set a ceiling in February. This action succeeded in halting the abnormal demand for foreign exchange to some extent and played a certain role in checking its blind importation; however, because of a comparatively large investment scope in China and irrational phenomena existing in the economic structure, there was no radical change in the demand-supply relationship for foreign exchange and no marked

drop in prices. In some places, no transactions were made despite quotes on the regulated foreign exchange market.

Nevertheless, in transaction outside the regulated foreign exchange market, especially in the black market, the value of the dollar continued to climb, with the renminbi exchange rate against the dollar falling from 6.5 yuan two years ago to nine yuan last spring; in some places, the quote was 12 yuan to the dollar. Those speculating in hard currency had a windfall, while enterprises in urgent need of foreign exchange suffered.

Last May, the Central Bank readjusted its monetary and credit policies, while raising interest rates on savings deposits and loans. At the same time, the government also adopted some precautionary measures against the "over-heated economy" in some arenas, as the economic climate changed somewhat. Under such circumstances, the State Administration of Exchange Control required foreign exchange swap centers in various places to lift the ceiling effective 1 June, while determining market quotes by means of the supply-demand relationship.

Thus, beginning on 1 June, regulated foreign exchange centers all over Mainland China lifted the ceiling on regulated foreign exchange prices, which resulted in drastic fluctuations of the renminbi exchange rate against the dollar; that very day, the range of the renminbi's devaluation was 25 percent. On the very first day of the ceiling being lifted, the regulated renminbi exchange rate against the dollar went to 10.2 yuan; it rose from 8.04 yuan to 9.9999 yuan against the dollar [as published] at Beijing's National Foreign Exchange Swap Center. By 23 June, the swap price for the dollar had risen to 10.75 yuan.

According to analyses by some experts, viewing conditions on the first day the ceiling was lifted, demand remained greater than supply on swap markets nationwide, and had the central bank not adopted tough market intervention measures, foreign exchange swap prices could have possibly climbed to still higher levels.

According to Yang Gonglin [2799 6300 2651], State Administration of Exchange Control spokesman, the three-month operation with a ceiling on transaction prices, and the ceiling's eventual lifting, was an expression of the implementation of a controlled float of foreign exchange swap prices based on the needs of the state's macroeconomic regulation and control, while preventing and cracking down on foreign exchange speculation.

### Three Major Factors Affecting Exchange Rates

Although affected by demand and supply for foreign exchange in the market, the renminbi exchange rate's fluctuation on the market was normal; however, observers here believe that the price for the renminbi today does not reflect its real value, because, aside from such factors as a greater demand for foreign exchange for imports and a generally greater demand for foreign exchange at home, an important factor accounting for the recent fluctuations is a rumor that the renminbi would become a freely convertible currency as soon as China restored its GATT membership, thus leading to a large-scale devaluation of the official

renminbi exchange rate. The spread of this rumor gravely affected quotes on the foreign exchange swap market and black market transaction prices.

Another factor that promoted the rise in the dollar exchange rate against the renminbi was the transition of a dual exchange rate to a solely floating exchange rate in China's foreign exchange mechanism. Viewing historical developments, China only implemented a planned fixed exchange rate for a long time; the renminbi exchange rate against the dollar was fixed at 1.7 yuan. In 1982, an internal trade settlement exchange rate was implemented, and the renminbi exchange rate against the dollar was 2.8 yuan: this was the coexistence of dual exchange rates within the plan. Later, a single planned exchange rate of 2.8 yuan was implemented. The foreign exchange swap market initiated in 1988 was similar to the market exchange rate, which coexisted with the planned exchange rate quotes. Beginning in April 1991, the planned market quote exchange rate mechanism was converted from fixed exchange rates to planned fine tuning, while implementing the system of a controlled floating exchange rate for the renminbi. Statistics show that, in 1991 alone, there were 60-odd occasions of official readjustment of the exchange rate, and the rate of devaluation of the renminbi against the dollar was 3.87 percent, while the relative rate of appreciation of the dollar against the renminbi was 4.02 percent; in 1992, there were some 50 fluctuations; the renminbi devaluation rate against the dollar was 5.5 percent, while the relative appreciation rate of the dollar was 5.8 percent.

Another factor promoting a rise in the value of the dollar was precisely people's psychological expectations going astray, with an erroneous understanding that, should China convert the renminbi to a freely convertible currency, this would inevitably lead to the devaluation of renminbi by a wide margin; hence the price increases at home. Consequently, some people purchased gold jewelry to preserve their wealth, and others purchased the dollar to preserve their wealth in hard currency.

### Rational and Irrational

In short, the recent sharp plunge of the renminbi exchange rate on the foreign exchange swap markets has complicated causes; it is one of the comprehensive expressions of national economic development in China, with normal as well as abnormal aspects at the same time.

Analyzing its normal aspect, China has a need to elevate its economy to a higher plane with an accelerated economic growth rate; therefore, it is necessary to relax monetary policy appropriately, basically lift price controls, and push enterprises toward the market, while actively importing foreign funds and expanding opening up. Consequently, this leads to an expansion of social demand and a strained supply of foreign exchange.

Nevertheless, the fact that there are some abnormal factors is noteworthy. Because a foreign exchange market mechanism has yet to take shape in Mainland China, the existing exchange rate system is the coexistence of the official and



market exchange rates; in actual fact, three prices coexist; namely, the official and regulated prices as well as the black market. Under these conditions of separate markets, macroeconomic regulation and control does not work; hence the seriously distorted foreign exchange prices.

**First, controls over foreign exchange quotas implemented by the state are actually a kind of distribution of power.** Thus involved, a considerably large amount is distributed within plans, not through market regulation with prices determined by market demand. **Second, with foreign exchange quotas stipulated by the state in their hands, some foreign trade companies have implemented monopoly control, while enterprises without foreign trade powers are doing their utmost to seek foreign exchange quotas, even foreign exchange quotas without any monetary value; consequently, through speculation, one quota dollar of foreign exchange was worth two yuan more.** Under such monopoly conditions, neither monetary nor foreign exchange policy can play an appropriate role.

**Third, there are problems in the distribution policy for foreign exchange.** Production enterprises with autonomy in foreign trade boast retained foreign exchange, whereas enterprises outside this category do not possess any foreign exchange and have to run the risk of dual exchange rates. With regard to this, the government should allow all enterprises turning out products bringing in hard currency to retain their foreign exchange, while converting the quota system to a retainment of spot exchange. This way, when an enterprise wants to retain foreign exchange, it must utilise the renminbi in its hands while paying interest; if it wants renminbi it must sell its foreign exchange. The practice of promoting enterprises to advance toward the market will bring pressure as well as impetus.

Analyzing the actual conditions of China's economic development, factors that could lead to a serious devaluation of the renminbi do not exist. In 1992, China's inflation rate was less than 6 percent, which was lower than the forecast in early 1992; the volume of exports was \$85 billion, up 18.2 percent over the previous year; imports were worth \$80.6 billion, up 26.4 percent. From the angle of absolute value, China enjoys a favorable balance of \$4.4 billion in its foreign trade. This being the case, it is unlikely that the renminbi will be devalued by a wide margin, and it is also unlikely that social demand will greatly exceed the actual needs of economic development. The current devaluation is a consequence of psychological factors to a large extent.

A top official of the State Administration of Exchange Control indicated that the excessive devaluation of renminbi on the foreign exchange swap market had already exerted unsound effects on industrial and agricultural production, enterprise technological transformation and imports, enterprises' economic returns and imports of raw materials, pushing up price rises at home and increasing state inputs of credit and money, thus further affecting the harmonious and stable development of the national economy. Facts show that irrational exchange rates either

attack exports or imports. Likewise, it affects foreign investment: they incur either huge profits or great losses.

#### **Devaluation of Renminbi by a Wide Margin Is Unlikely**

Fluctuations on the foreign exchange swap market became a focus of universal concern at a national conference for directors of exchange control administrations across China convoked in Beijing last February.

Not long ago, Yang Gonglin [2799 6300 2651], spokesman of the State Administration of Exchange Control, denied a rumor that China would readjust the renminbi exchange rate by a wide margin, saying that it was groundless to say that the renminbi would be sharply devalued: current swap market prices did not reflect the renminbi's true value.

This spokesman indicated that the fact that China had lifted the ceiling on the swap market exchange rate with prices determined by supply and demand did not mean that it would incur an exchange rate readjustment by a wide margin. The trend of a currency's exchange rate depends on comprehensive economic conditions. If monetary policy, the investment scope, and foreign exchange for imports are rational, foreign exchange prices would tend to be stable.

The existence of two exchange rate systems is due to the fact that China is in a period of conversion to the socialist market economic structure and prices have not been ironed out, he indicated. This finds expression in the coexistence of two prices in the foreign exchange structure. A controlled float has been implemented for the official exchange rate, with constant readjustments. The official rate is determined by the condition of China's foreign exchange reserves, economic development, the purchasing power of the renminbi, and the trends of several currencies on the international money market. **Today, the official exchange rate in China largely reflects the renminbi's true value; therefore, devaluation by a wide margin is unnecessary.** Presently, China's foreign exchange reserves are comparatively ample, its economic development has sound momentum, and the renminbi has a good reputation in some peripheral countries. Despite comparatively high inflation rates in several large cities in China, the renminbi should not be devalued. Therefore, we can see that **prices on the foreign exchange swap market today are abnormal, and they distort the renminbi's true value.**

#### **Foreign Exchange Restructuring Is a Long-Range Goal**

On the issue of the renminbi's convertibility, Yin Jieyan, director of the State Administration of Exchange Control, indicated recently that **with the increase in China's economic strength and the development of its foreign trade, creating conditions to realize the free exchange of the renminbi is a long-range goal for China's foreign exchange restructuring.** We can imagine that this could be a very long timetable, because GATT in actual fact does not require all member countries to lift controls over foreign exchange completely, and many countries' currencies are not freely exchanged. It is more important to implement a unified renminbi exchange rate rather than free exchange when China restores its GATT membership.

China's foreign exchange reserves exceed \$40 billion, which, through analysis, we found are largely shared equally by the state's foreign exchange reserves and the surplus foreign exchange of the Bank of China. Because the Bank of China's foreign exchange is mainly in the form of clients' deposits and borrowed funds, which the state cannot touch, the \$20 billion of foreign reserves the state can genuinely dispose of amounts to national imports for four months. Furthermore, the state has to repay principal and interest on foreign loans. This being the case, the renminbi will not possess the basic conditions for free exchange in the near future.

#### **Complete and Perfect Controlled Floating Exchange Rate System**

The essence of China's foreign exchange policy is to precisely make exchange rates a lever to push forward national economic development, especially to harmonize national economic development by using the exchange rate to promote macroeconomic development. Over the past dozen years or so, China has gradually corrected the issue of fixing the renminbi's value too high, while gradually making it rational through readjusting the exchange rate. The state has implemented a controlled floating exchange rate system since April 1991 and has changed the readjustment mechanism of the renminbi exchange rate. I learned that the state would set, complete, and perfect a renminbi index system this year to make the official exchange rate more scientific and flexible, and further complete and perfect the controlled floating renminbi exchange rate mechanism to insure the renminbi's stability and the healthy, stable, and sustained development of the national economy.

#### **Zhu Rongji Inspects Banknote Printing Factory**

*HK2807101893 Hong Kong MING PAO in Chinese 28 Jul 93 p 9*

[Report by special correspondent Po Li (2672 0050): "Zhu Rongji Inspected a Banknote Printing Plant in Beijing Yesterday and Central Bank Decides To Sell Gold for Foreign Exchange"]

[Text] Zhu Rongji, vice premier of the State Council and governor of the People's Bank of China, inspected a banknote printing factory in Beijing yesterday. During his inspection, he encouraged the workers and staff of the factory to try their best to fulfill this year's banknote printing quotas, and also visited the printing process of Hong Kong banknotes, which are to be issued in Hong Kong by the Bank of China.

Yesterday, the People's Bank of China formally confirmed the work assignments of its new leadership and announced the decision to sell a certain amount of gold on international gold markets in exchange for foreign exchange.

An authoritative official in Beijing has disclosed that Zhu Rongji, who just took over the post of governor of the People's Bank of China, made a special trip yesterday morning to a banknote printing factory in Beijing, which is run by the People's Bank. Zhu Xiaohua, a newly appointed

vice governor of the People's Bank, accompanied Zhu Rongji during the inspection.

The official indicated that this Beijing-based banknote printing factory is the first institution directly affiliated to the central bank that Zhu Rongji has inspected since he assumed the office of central bank governor. In the factory, Zhu Rongji witnessed the entire printing process and had talks with leading officials of the factory. During their talks, Zhu Rongji first conveyed his greetings and appreciation to the factory's workers and staff who have been working overtime to fulfill the production quotas since the beginning of this year. Then he pointed out that the factory is still faced with an arduous task this year and that it bears great significance whether or not the factory can successfully fulfill this year's banknote printing quotas. It has been learned that the factory is faced with a production task heavier than that in all previous years.

Because the factory is also responsible for printing Hong Kong banknotes that are to be issued in Hong Kong by the Bank of China, Zhu Rongji also inspected samples of 100-dollar notes, and inquired about a number of issues concerning the detailed arrangements, quality of the notes, and whether or not the printing task can be fulfilled as scheduled.

According to the official, this banknote printing factory in Beijing was set up in 1949, the oldest banknote printing factory on the mainland. Due to its long history, the factory has long been plagued by outdated equipment and it was assigned to print only 50-yuan notes for a long period of time. However, because the demand for new banknotes rose drastically this year, the factory has undertaken the task of printing 100-yuan notes. With nearly 2,000 workers and staff, the factory is given a production quota by the People's Bank every year, and the bank will purchase the printed notes at the unit price quoted by the factory. Due to increases in printing costs, the unit price of the notes have risen in recent years. However, the state remains the final arbiter in checking and ratifying concrete purchase prices.

This authoritative official further noted that the main purpose of Zhu Rongji's inspection was to convey greeting and appreciation to the factory's workers and staff, and to "inject great vigor" into the factory with a hope that it can fulfill this year's production quotas as scheduled.

Yesterday, the People's Bank of China also formally confirmed the order of names and concrete work division of its newly readjusted leading body:

First Vice Governor Zhou Zhengqing is assigned to assist Zhu Rongji with day-to-day operations, and will also take charge of the bank's General Office, Policy Research Office, and Monetary Structural Reform Department. Vice Governor Dai Xianglong is put in charge of the Planning and Funds Department, Survey and Statistics Department, Interest and Savings Administration, the newspaper office of JINRONG SHIBAO [FINANCIAL TIMES], and the International Monetary Publishing House. Vice President Chen Yuan takes charge of the

Foreign Affairs Bureau, International Financial Organizations Department, Monetary Technology Department, Monetary Research Institute, Monetary Electronics Company, and the Clearing Center; he is also responsible for contacts with the State Administration of Exchange Control. Vice Governor Bai Wenqing is assigned to take charge of the Bullion Management Bureau, Education Department, Ideological and Political Work Office, China National Gold Coins Corporation, and China Monetary Institute. Vice Governor Wang Qishan is put in charge of the Financial Management Department, Personnel Department, and Administrative Department. Vice Governor Zhu Xiaohua is assigned personal responsibility for the Accounting Department, Treaty and Law Department, Central Treasury Department, Currency Issuance Department, Auditing Department, Basic Construction Department, and China National Printing Corporation. Enjoying treatment at the vice governor level, Yin Jieyan, director of the State Administration of Exchange Control, is assigned responsibility for the State Administration of Exchange Control.

It has also been stipulated that the following pairs of leading officials of the People's Bank should act for each other if one is abroad: Zhou Zhengqing and Dai Xianglong, Chen Yuan and Zhu Xiaohua, and Bai Wenqing and Wang Qishan.

Meanwhile, the official has also revealed that the People's Bank has decided to sell a certain amount of gold on international gold markets and get foreign exchange in return. Since interest rates have risen twice this year, the bank will not consider a third rise.

#### **Jiang Inscribes Title of Electronics Magazine**

*OW2807062993 Beijing Central People's Radio Network in Mandarin 2230 GMT 25 Jul 93*

[From the "News and Press Review" program]

[Text] JINRI DIANZI [ELECTRONICS TODAY], a new magazine containing both high and new technology and market information, was recently inaugurated by the China Electronics Industry Publishing House and the U.S. International Books Corporation.

General Secretary Jiang Zemin inscribed the title of the magazine.

#### **Jiang, Li Peng Inscribe for Automobile Plant**

*OW2807122993 Beijing XINHUA Domestic Service in Chinese 0834 GMT 14 Jul 93*

[Excerpt] Changchun, 14 Jul (XINHUA)—After 40 years of construction, the First Auto Plant—the cradle of China's automobile industry—has developed into a major base of China's automobile industry. Jiang Zemin, secretary of the CPC Central Committee, who took part in the plant's pioneering projects, has written a message for the plant to mark its 40th founding anniversary. His message reads: "Build the base of a modern sedan industry."

Premier Li Peng's written message reads: "In commemoration of the remodeling construction of the First Auto Plant."

On behalf of the CPC Central Committee and the State Council, Li Lanqing, member of the CPC Central Committee Political Bureau and vice premier, came to the plant to extend their warm congratulations on the plant's historic day. He said: "China has stepped into an age in which large numbers of sedans are needed. The sedan supply today cannot meet the demand. This has become a great problem. In building a national auto industrial group able to compete in the world, the most important requirement is to speed up the development of the sedan industry. Only by doing this can the automobile industry really become the pillar industry of the national economy." [passage omitted]

#### **New Airline Launched To Service Tourism Industry**

*OW2807113393 Beijing XINHUA in English 1118 GMT 28 Jul 93*

[Text] Beijing, July 28 (XINHUA)—China International Travel Air Ltd. was officially declared open here today.

The airline is a joint venture co-invested by Air China and China International Travel Service with a registered capital of 2.5 million yuan (about 436,000 U.S. dollars).

An inaugural flight from Beijing to Yantai in east China's Shandong Province on August 2 will officially start the airline's operation.

Lin Shutiao, general manager of the airline, said the airline's businesses include chartered flights, air travel service and ticket booking service for domestic and international air routes.

The establishment of the airline is aimed at easing the state's air transport logjam, particularly on routes to tourist resorts and major scenic spots nationwide, according to Lin.

A Boeing 737 will fly the inaugural flight from Beijing to Yantai, and regular weekly two-way flights are scheduled.

According to the general manager, two other flights from Beijing to Datong and Shanghai and from Beijing to Wuhan and Guilin will also be in operation in the near future.

#### **Chen Junsheng Addresses Briefing on Agricultural Laws**

*OW2807114793 Beijing XINHUA Domestic Service in Chinese 1228 GMT 13 Jul 93*

[By RENMIN RIBAO reporter Xia Jun (1115 8823) and XINHUA reporter Pu Liye (5543 4539 2814)]

[Text] Beijing, 13 Jul (XINHUA)—The Ministry of Agriculture, the Ministry of Forestry, and the Ministry of Water Resources jointly held a press briefing on the enforcement of the "Agriculture Law" and the "Agricultural Technology Popularization Law" in Beijing today. At



the press briefing, State Councillor Chen Junsheng stressed: To cultivate and develop a socialist market economy in rural areas, it is objectively necessary to establish and improve relevant legislation. All localities and governments at all levels must attach great importance to the role of laws in directing the rural economy, adopt more economic and legal means to direct and manage agriculture, rely on the force of laws to root out the resistance to rural reform, and advance the development of the rural economy.

Chen Junsheng said: The enactment and enforcement of the "Agriculture Law" and the "Agricultural Technology Popularization Law" are a big event worth celebrating. They indicate that China has entered a new stage of administering agriculture with laws. Since the Third Plenary Session of the 11th CPC Central Committee, rural areas have taken the lead in reform, which has forcefully promoted overall development in the rural economy as well as provided favorable conditions and relevant experience for cities to conduct economic reform. The "Agriculture Law" and the "Agricultural Technology Popularization Law" have fully affirmed the successful experience and policy measures in rural reform, and they have offered a good legal basis for further reform and development of the rural economy. These two laws will surely be supported by hundreds of millions of peasants and vigorously promote the development of a socialist market economy in rural areas.

Chen Junsheng said: The "Agriculture Law," the "Agricultural Technology Popularization Law," and other agriculture-related laws and regulations still do not completely suit the needs of rural reform and the process of opening up. We must emancipate our minds, change our concepts, and further step up the pace of legislation for the rural economy.

Chen Junsheng stressed: Currently, all localities should enforce the "Agriculture Law" and the "Agricultural Technology Popularization Law" in a highly responsible spirit to safeguard the authority of the state and the central authorities. All localities and departments should immediately take measures to extensively publicize these two laws to enable hundreds of millions of peasants to understand them as soon as possible, abide by the two laws, and learn

to use these two laws to develop the economy and protect their legitimate rights and interests. Moreover, all localities and departments should set clear objectives and make specific arrangements based on their own actual conditions to enforce these two laws and immediately correct any regulations and practices which do not conform to the two laws. Departments and units that do not obey orders and observe prohibitions must be investigated and dealt with strictly, and the persons in charge must be held responsible.

Agriculture Minister Liu Jiang, Forestry Minister Xu Youfang, and responsible persons of the departments concerned attended the press briefing and spoke. Liu Jiang hoped that all localities and departments would step up the work of finding out whether all funds for purchasing summer grain are in place at present and whether the practice of issuing IOU's has ceased. He hoped that they would strictly follow the relevant regulations in the "Agriculture Law" to collect enough funds for purchasing farm produce and use them effectively. Next, all localities and departments should check whether the peasants' burden is in conformity with the relevant stipulations in the "Agriculture Law." The practices of imposing charges and fines and apportioning expenses on peasants or agricultural organizations, and the practice of mandatory fund-raising, which violate the stipulations of this law, should be stopped immediately.

#### **Asian Bank Approves Help for Fertilizer Industry**

OW2707133793 Beijing XINHUA in English 1302  
GMT 27 Jul 93

[Text] Manila, July 27 (XINHUA)—The Asian Development Bank (ADB) today approved a technical assistance grant of 183,000 U.S. dollars to China to help the government set up a legal and regulatory framework for the country's market-based fertilizer industry.

The technical assistance will include a review of present practices and arrangements for fertilizer marketing and distribution as well as the formulation of product and packaging standards.

The money also will be used to finance the drafting of regulations and laws to protect farmers against abuses such as misrepresentations of fertilizer products and their effectiveness that can arise under a market-based system.



### **East Region**

#### **Jiangsu Governor Addresses Construction Meeting**

*OW2807081493 Nanjing XINHUA RIBAO in Chinese*  
*2 Jul 93 pp 1, 4*

["Provincial Government Convenes Work Meeting on Key Construction Projects, Stressing the Pooling of All Available Funds To Ensure Key Construction Projects as Essential for Promoting Current Production and Construction"—XINHUA RIBAO headline]

[Excerpts] The provincial government held a provincial work meeting on key construction projects in Nanjing on 29-30 June to further implement the central authorities' instruction on pooling all available funds to ensure the current economic work, and to study and work out specific measures for ensuring key construction projects in Jiangsu.

Vice Governors Ji Yunshi and Yang Xiaotang spoke at the meeting and reviewed the conditions of fixed-asset investment and industrial production in the province; analyzed problems in key construction projects and the production of key enterprises; and put forward a suggestion for "emphasizing, ensuring, and carrying out key construction projects." After they spoke, Governor Chen Huanyou gave an important speech. [passage omitted]

Before the end of the meeting, Governor Chen Huanyou made an important speech. He said: The development of the provincial economy as a whole has been good since the beginning of this year. Industrial production has continued to grow at a fast pace and with improved efficiency; market demands have increased; exports have kept up their momentum; and investment in fixed assets has climbed. However, the shortage of funds has become the most serious problem and factor restricting the province's economic development. Due to a grave shortage of circulating funds among industrial enterprises, a considerable number of exported-oriented enterprises with thriving production and sales and good efficiency cannot carry out normal operations. Because of the lack of funds, only a small number of key projects have adequate financial means to start construction, and this has seriously impeded the progress of construction. Moreover, the growth rate of investment in energy and raw and semifinished materials industries has slowed, and the province's seven major transportation projects are also in dire need of funds.

The governor said: While seizing, cherishing, and making the best use of opportunities, we should translate the suggestion of "emphasizing, ensuring, and carrying out key projects" into concrete action. At a time when the state has made an important policy decision on tightening the money supply and when the macroeconomic environment is undergoing major changes, the correct way of doing things should be readjusting and optimizing the structure to ensure key projects and to stimulate other projects in general. This is an important question concerning Jiangsu's overall economic situation. The provincial, city, and county governments should foster the concept of

overall interests; further increase awareness of "emphasizing, ensuring, and carrying out key projects"; and make determined and steadfast efforts to carry out work.

He emphasized: In issuing loans of circulating funds in line with the principle of "differentiating among enterprises and assisting the superior and restricting the inferior," we should give priority to key production enterprises. The people's banks and industry and commercial banks should draft plans prioritizing loans of circulating funds for enterprises assigned with the state's mandatory plans to produce goods having a vital bearing on the national economy and the people's livelihood; enterprises with good economic efficiency and manufacturing goods in demand on the domestic and international markets; enterprises whose production can help readjust the industrial structure and alleviate problems of the "bottleneck" industries; and enterprises having a low cost of production but capable of earning a high rate of foreign exchange.

The governor pointed out: Along with the gradual implementation of the state's measures for macroeconomic regulation, the provincial economic growth rate has dropped slowly. We should seize this good opportunity to accelerate the pace of readjusting the industrial structure. We should assist enterprises manufacturing marketable goods to gradually develop competitive products, extend the scale of production, and increase market sales. We should upgrade traditional industries and adopt high technology to develop a number of key products which are high in added value, which have a high potential for earning foreign exchange, and for which there is great market demand. In order to speed up the commercialization of high tech, we should pool all available resources to carry out a number of high technology construction projects. We should encourage all kinds of enterprises to form associations and lateral ties with large and medium-sized enterprises, to develop enterprise groups focusing mainly on enterprises producing competitive goods.

Underlining the importance of leadership, the governor called on leaders of all departments and at all levels to work conscientiously. He said: Special personnel should be assigned to take charge of key construction projects, with responsibilities for specific measures. The planning and other relevant departments should exercise effective macroeconomic regulation, while overall economic departments and departments in charge of industries should concentrate their efforts on changing functions concerning serving and helping enterprises overcome difficulties. Under no circumstances should enterprises be assigned additional burdens.

#### **Shandong Congress Standing Committee Meets**

*SK2807033193 Jinan Shandong People's Radio*  
*Network in Mandarin 2300 GMT 26 Jul 93*

[Text] The second meeting of the eighth provincial people's congress standing committee held its second plenum on 26 July to hear the report given by the provincial people's government on the implementation of the economic and social development plan in the first half of this

year; the report on the province's implementation of the financial budget in the first half; the report on the province's situation in implementing the regulations to encourage enterprises to shift their operation mechanism; the report on the work to relieve peasants' burdens; the report on the work to undertake the seventh national sports games; and the reports on personnel changes submitted by Zhao Linshan, secretary general of the provincial people's congress standing committee, by Gao Xinting, president of the provincial higher people's court, and by Zhao Changfeng, chief procurator of the provincial people's procuratorate, for approval.

In his report Lin Shuxiang, chairman of the provincial planning commission, said: Since the beginning of this year, the entire province has maintained a trend of faster development in the national economy as a whole, and the main stream of economic situation has been good. The province's first-half gross national product is expected to reach 110 billion yuan and to show a 23.6 percent increase over the same period of 1992. However, the province also encountered some new contradictions and problems in the course of economic development, and some of them were very prominent. For example, the financial order was chaotic; the fund supply was strained; the growth of real estate business was too fast; the investment front was too long; the number of approved projects was too many; and the structure was not rational. Lin Shuxiang said: Tasks for conducting reform and construction in the second half of this year are very heavy. To maintain the good trend of the province's economic development, we should earnestly implement the demands set in the central authorities' documents of enhancing or improving the macro readjustment and control; deepening the reform; shifting the mechanism; optimizing the structure; and increasing economic results. Efforts should be made to realistically deal with the contradictions and problems cropping up in the economic life and to strive to fulfill in an overall way or to overfulfill various plans for this year.

In his report Huang Kehua, director of the provincial financial department, said: The implementation of the financial budget in the first half of this year was better, and both revenues and expenditures showed a greater increase. The province realized 5.529 billion yuan in its financial revenues, accounting for 44.95 percent in the annual budget, showing an 11.56 percent increase over the same period of 1992. Its financial expenditures were 5.134 billion yuan, accounting for 34.63 percent in the annual budget, showing a 13.54 percent increase over the same period of 1992. However, judging from the general situation, the province encountered many problems in the first half. The problem of economic results still constrained the increase of financial revenues. There was not enough balance and stability between financial revenues and expenditures, and their increases and decreases were greater. Because of the serious shortage of funds, the problems of taxes and profits owed by enterprises and of the financial revenues temporarily detained by banks became relatively serious. The order of tax revenues was relatively chaotic, and the expenditures' structure was not rational enough. Expenditures for productive purposes

somewhat declined and those for nonproductive purposes showed an overly fast increase. In response, we should uphold economic results as a center in the second half of this year to promote the national economy to achieve sustained development with high benefits. Efforts should be made to continuously deepen the reform in the financial and tax affairs, to further enhance the macro readjustment and control, to consolidate the financial and tax disciplines, and to safeguard the unity and sanctity of the tax law so as to ensure various financial revenues are fully collected or handed over to the state in a timely manner. We should also enhance the retaining over the budget and curtail or bring all nonproductive expenditures under strict control so as to ensure the realization of annual balance between financial revenues and expenditures.

Wang Shufang, vice chairman of the provincial people's congress standing committee, presided over the plenum on the morning of that day.

### Central-South Region

#### Hubei Secretary Addresses Financial Meeting

*HK2707130093 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 24 Jul 93*

[Excerpts] The provincial financial work meeting jointly sponsored by the provincial committee and provincial government opened in Wuchang on 21 July. At a discussion with the commissioners of prefectures, mayors of cities, and comrades in charge of financial departments in the province, provincial Secretary Guan Guangfu stressed that it is imperative to grasp the guideline of the central authorities and the spirit of the national financial work conference and, on the basis of a thorough understanding of Hubei's actual conditions, aim at the convergence of intensifying macroregulation and control and doing a good job of restructuring. He also said that it was important to make clear the guideline of accelerating the reform and development, rely on the new approach and methods of reform and opening up to solve some contradictions and problems that are found these days, and assess our work by the criterion of a sustained, rapid, and healthy development of Hubei's economy.

The meeting was presided over by (Hui Liangyu), deputy secretary of the provincial committee. Jia Zhijie, deputy provincial secretary and provincial governor; Chen Ming, chairman of the provincial advisory committee; and Meng Qingping, Chen Shuiwen, and Su Xiaoyun, vice governors, have been attending the meetings and discussions.

Liu Tongming, president of the provincial people's bank, relayed the spirit of the national financial work conference. Vice Governor Chen Shuiwen, in accordance with the instruction of the central authorities, made specific arrangements for intensifying macroregulation and control and rectifying the financial order in this province.

Yesterday, Guan Guangfu, Jia Zhijie, Hui Liangyu, Chen Ming, Meng Qingping, Chen Shuiwen, and so on, attentively listened to the reports and suggestions given by the

commissioners of prefectures and autonomous prefectures, mayors of cities, presidents of banks, and managers of insurance companies on implementing the instruction of the central authorities. After that, Guan Guangfu delivered an important speech.

Guan Guangfu briefed the participants on how the provincial committee has been studying, comprehending, and implementing the instruction of the central authorities and on the good situation in which the economy in this province has maintained a strong momentum of growth since the beginning of 1993. He fully affirmed the important contributions made by the financial sector of this province to promoting Hubei's economic development over a long period of time.

Guan Guangfu said: While affirming achievements, we must be soberly aware that Hubei, like the rest of the country, has also developed some new contradictions and problems while the economy is continuing to make big strides forward. The problems pointed out by the central authorities can be found to varying degrees in our province. They find concentrated expression in the serious shortage of funds; chaotic financial order in certain fields; irrational structure in some industries; further aggravation of repeated construction and bottleneck restrictions; [words indistinct] energy, communications, and raw materials; fast increases in the retail price index, forming a contrast to the incomes of cadres and workers; waste and extravagance; some expansion of various forms of unhealthy tendencies and some phenomena of corruption; and so on and so forth. Therefore, we must, in accordance with the instruction of the central authorities, conscientiously and unequivocally solve those problems step by step.

Guan Guangfu said: The party, government, economic, and financial departments in all localities must truly comprehend the important guideline of seizing the opportunity and accelerating development in our economic work while paying attention to stability to avoid losses, especially big losses, and have their eyes on quickening the pace of reform and opening up and, in speeding up the development, focus their attention on deepening the reform, converting the mechanisms, optimizing the structure, and enhancing efficiency. We must resolutely implement the measures suggested by the central authorities and use economic means as well as necessary administrative means and penalizing measures to solve the outstanding problems in the economy; and try to avoid confusion.

Guan Guangfu pointed out: Under the premise of steadfastly implementing the central authorities' important decision on intensifying macroregulation and control and rectifying the financial order, it is necessary to take our actual conditions into consideration and do better work in Hubei. We must use materialist dialectics to handle the following points well in ideology and guidance for work.

First, we should not only see the good general picture of our province's economy, but also take seriously the contradictions and problems that emerge in our progress. At present, some aspects of our macroenvironment are

heavily strained and some problems are rather serious. Under such circumstances, we must treat these problems level-headedly without bypassing them, carefully analyze local conditions, and solve the problems well.

Second, we should make clear the guideline of accelerating development, steadfastly seize opportunities, treasure opportunities, and make good use of the opportunity to maintain Hubei's positive momentum of fast and effective development. The central authorities' demand for an intensification of macroregulation and control does not mean all-around retrenchment, but rather restructuring. Therefore, we should base ourselves on the development in offering suggestions, formulating measures, and conducting regulation and control. Development is [words indistinct]. We should quicken the development if possible; if not, we should not blindly emulate others. As long as it brings good economic efficiency and is in conformity with macroregulation and control, development is still encouraged.

Third, we should rely on the reform and opening up to solve the existing problems and make the good situation even better. To tackle the current problems, we must not use the methods used under the system of planned economy; instead, we must adopt a new approach, seek solutions by speeding up the replacement of the old system with the new, and turn the improvement and intensification of macroregulation and control into a driving force behind the effort to accelerate the reform and establish a socialist market economic structure. Therefore, the tasks described as giving simultaneous attention to three expansions, one quickening, and three exceedings proposed by the provincial party committee at the beginning of this year should be carried out with substantial efforts in accordance with the above requirement.

Fourth, we should find the focus, proceed from reality, and distinguish between different situations without imposing uniformity. It was wrong to neglect macroregulation and control in the past; now that we are exercising macroregulation and control, it is also wrong not to pay attention to decontrolling and enlivening. We must use more materialist dialectics and less metaphysics. [passage omitted]

Finally, Guan Guangfu said: This round of intensification of macroregulation and control and rectification of financial order concerns the interests of everyone. It will inevitably bring temporary difficulties to certain aspects of our economic work. But intensified macroregulation and control and rectified financial order are bound to inject greater vitality into our economic work. The provincial party committee calls on party members, cadres, and economic and financial workers province-wide to rouse themselves, take part in the campaign with nothing on their conscience, and struggle in unity to do their work well creatively, implement the decisions made by the central authorities well, and jointly promote the sustained, fast, and healthy development of our economy.



### Hunan Secretary Addresses Local Party Leaders

*HK2707130593 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 24 Jul 93*

[Text] A meeting of party secretaries of prefectures, autonomous prefectures, cities, and counties in Hunan concluded yesterday. Provincial Secretary Xiong Qingquan emphatically pointed out that the important decision by the central authorities to intensify macroregulation and control is for the purpose of promoting fast and effective economic development. In the course of implementing the measures formulated by the central authorities for intensifying macroregulation and control, the pace of reform should never be slowed.

This meeting of party secretaries of prefectures, autonomous prefectures, cities, and counties was mainly to make arrangements for the implementation of the spirit of the decision by the central authorities to intensify macroregulation and control. Xiong Qingquan, provincial secretary; Chen Bangzhu, deputy secretary and provincial governor; and Sun Wensheng and Yang Zhengwu, deputy secretaries, presided over different sessions of the meeting.

At the meeting, Vice Governor Zheng Peimin gave a report on implementing the spirit of the national scientific and technological work conference. Vice Governor Wang Keying gave a report on strengthening the dissemination of agricultural technology. Changsha County and nine other units shared their experience.

At the conclusion of the meeting, Comrade Xiong Qingquan delivered an important speech. Comrade Xiong Qingquan pointed out: The fundamental part of the intensification of macroregulation and control is to rectify the financial order, readjust the orientation of input of funds, and optimize the economic structure, instead of conducting all-around retrenchment and restricting the reform and development. It is for the purpose of avoiding big mistakes and promoting a speedy and effective development of the reform and opening up. The provincial committee made it clear that its general guideline, defined as emancipating the mind, seeking truth from facts, seizing the opportunity, and speeding up the development; its opening strategy, defined as decontrolling the southern and northern gates, broadening three passageways, building five zones and one corridor, and accelerating the development of two counties; its reform approach, defined as three transformations and three fasts, 10 major affairs demanding special attention, and the strategic goal of achieving the second doubling of the economy three years ahead of schedule and striving to become one of the 10 best provinces in the country—all of which were set last year—will remain unchanged and should be firmly carried out.

Comrade Xiong Qingquan stressed: In the course of intensifying macroregulation and control, it is necessary to keep a firm grip on rectifying the financial order, resolutely recall all loans extended in violation of regulations, keep interest rates and the orientation of input of raised funds in control, and disconnect from banks the economic entities run by them. Financial institutions should dispense funds

with a clear sense of priority by ensuring money supply for agriculture, products with good returns, exports, and key projects, so as to help promote economic development. The most important matter at present in rural work is to make sure that no IOU's are issued in purchasing grain and cotton in a bid to reduce peasants' burdens substantially and strive toward good harvest in the year of disaster.

Comrade Xiong Qingquan pointed out: While intensifying and improving macroregulation and control, we should continue to unswervingly carry out the development strategy of reinvigorating Hunan through science, technology, and education. He also emphasized that leadership by the party and party building are the most fundamental organizational guarantee for our success and should not be neglected or relaxed at any time.

### Southwest Region

#### Guizhou Secretary Instructs Planning Commission

*HK2607051993 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 22 Jul 93*

[Text] On the afternoon of 21 July, provincial Secretary Liu Fangren visited the provincial planning commission to familiarize himself with the commission's operation and staff. He set some requirements for the current work of the planning commission. He said: The provincial planning commission should be a good adviser to the provincial party committee and the provincial government, should do a good job on macroeconomic regulation and control in light of the reality of this province, [words indistinct], and should boost the economy of our province.

He also said: Economic development is a massive systems engineering project which requires both overall planning and an emphasis on key tasks. It is necessary to do a good job on the essential projects in order to activate work in other areas. Liu Fangren demanded that the comrades in the provincial planning commission adopt the idea of serving the grass roots, help them overcome their difficulties, give energetic support to their work, try to solve problems that can be solved, make active efforts to create conditions for the solution of problems that cannot be immediately solved, and explain these measures well.

#### Guizhou Governor on Implementing Central Decree

*HK2807101493 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 25 Jul 93*

[Excerpt] From 22 to 25 July, Chen Shineng, deputy secretary of the provincial party committee and provincial governor, inspected Qiongzhusi Autonomous Prefecture. During the inspection he emphasized that all localities in the province should conscientiously study and implement the central instructions on macroeconomic regulation and control, rectify the financial order, enforce financial discipline strictly, intensify macroeconomic regulation and control, and put the limited funds into projects that are most in need.

During the four-day inspection, Chen Shineng and his party listened to reports on the situation in Qiandongnan Autonomous Prefecture and five counties, including Huangping, Zhenyuan, Shibing, Sansui, and Taijiang. They also visited factories and peasant households in 10 places.

Chen Shineng said: At present, in order to study and comprehend the essence of the important central instruction, localities must first intensify financial control, do what they are capable of doing, and put limited funds into projects that are most in need. First of all, they should guarantee money supply for invigorating agriculture, especially for the purchase of flue-cured tobacco. In the meantime, they should also ensure money supply for key state projects and projects that have a ready market and are lucrative. As for projects under construction or newly started, they should, in light of their own capabilities, accelerate construction as much as possible. @ At present, leaders and financial departments at various levels should make energetic efforts to pool funds together; activate the circulation of reserve funds; intensify the collection and control of taxes; put an end to arbitrary borrowing, arbitrary fund-raising, and arbitrary investment in the financial sector; work out practical and feasible measures; and guarantee the ready supply of funds for purchasing agricultural and sideline products. [passage omitted]

### North Region

#### Beijing Commends '10 Outstanding' CPC Members

SK2707133093 Beijing BEIJING RIBAO in Chinese  
1 Jul 93 p 1

[By reporter Sun Yushan (1327 3768 1472) and correspondent Yang Aiping (2799 1947 5493): "The Beijing Municipal Commendatory Meeting for 10 Outstanding Communist Party Members Is Ceremoniously Held"]

[Excerpts] Bouquets of red flowers and splendid gold cups all went to the steadfast communists. On the eve of 1 July, the "10 outstanding" Communist Party members selected from the 1 million Communist Party members throughout the municipality received the "cups of pioneers and dedication" from Chen Xitong, Li Qiyuan, and other municipal leaders at the solemn Great Hall of the People.

Yesterday afternoon, the Beijing Municipal meeting to commend the "10 outstanding" Communist Party members began with the playing of the Internationale. Li Qiyuan, deputy secretary of the municipal party committee and municipal mayor, presided over and addressed the meeting. [passage omitted]

On behalf of the municipal party committee, Chen Xitong, secretary of the municipal party committee, extended warm congratulations to comrades who received the title of "10 outstanding" Communist Party members of Beijing Municipality, and cordial regards to all Communist Party members working on all fronts and party affairs workers across the municipality. He said: In a speech given at the forum to commemorate "1 July," Comrade Jiang Zemin pointed out: "The key to uniting with the more than 1.1

billion people, further emancipating and developing the socialist productive forces through reform, concentrating energy on pushing the economy forward, and realizing the grand objective of socialist modernization lie in our party; the key to deepening reform and successfully building the socialist market economic system which is unprecedented in the human history lie in the party; the key to upholding the two-handed approach and doing a good job in building the two civilizations lie in the party; and the key to maintaining social and political stability and realizing a long period of order and stability in the country also lie in the party." Therefore, the more we reform, open to the outside world, and develop the economy, the more we should strengthen and improve the party's leadership, and the more we should intensify and improve party building. We should never neglect or slacken our efforts in this aspect at any time." [passage omitted]

Xu Weicheng, deputy head of the Central Propaganda Department; Zheng Keyang, deputy director of the Central Policy Research Center; and municipal leaders, including Zhang Jianmin, Wang Daming, Wang Jialiu, Wang Tong, Zhang Baokang, Ou Yang Wenan, Yang Chaoshi, Duan Bingren, Qiang Wei, and Li Yongan, attended the meeting. Leading comrades of the municipal-level democratic parties and of the municipal Federation of Industry and Commerce, including Mei Xiangming, Jin Jin, Wang Xijue, Huang Shihua, Chen Mingde, Chang Jinshi, Liu Shiwan, Weng Zhaoqi, and Fu Jiantang were invited to take seats on the rostrum.

#### Hebei Undertakes Struggle Against Abductors

SK2807022893 Shijiazhuang HEBEI RIBAO in Chinese  
28 Jun 93 p 1

[Excerpt] In accordance with the unified disposition of the Central Committee for Comprehensive Management of Social Security, during the three-month special struggle against the abduction and trading of women and children, public security departments in the province cracked 1,036 cases of abducting and selling women and children, captured 1,059 traders of women and children, destroyed 87 criminal gangs, and saved 1,077 women and children. [passage omitted]

#### Inner Mongolia Secretary Inspects County

SK2707133193 Hohhot NEIMENGGU RIBAO in Chinese  
27 Jun 93 p 1

[Text] Wang Qun, secretary, and Qian Fenyong, deputy secretary of the autonomous regional party committee, led the responsible persons of the pertinent departments of the autonomous regional party committee and government and leading comrades of the Hohhot city party committee and government to Togtoh County to conduct investigations and study on 24 and 25 June. They also held a forum to summarize the county's experiences in economic development. Comrade Jia Cai accompanied them during the inspection and also attended the forum.

Togtoh County is located in the region's "golden triangle" hinterland. In the past two years, the county party committee and government led its people to emancipate the

mind and change ideas. They changed the traditional idea of "no grass on earth and no treasure underground," proceeded from reality in finding the "promising areas" in the county's economic development, and seized the opportunity provided by establishment of the socialist market economy system to do practical work and make the best of the situation to advance, thus developing the county's economy and various social undertakings by leaps and bounds. They have made a big stride every year and will by and large attain the three targets and jump from a poverty-stricken county of the country to a fairly prosperous county of the region this year. In 1992, the county's industrial output value totaled 102 million yuan, up 100 percent from 1990; agricultural output value totaled 115 million yuan, up 17 percent; output value of township enterprises totaled 180 million yuan, up 111 percent; local revenues totaled 14.74 million yuan, up 89 percent; and per capita net income of peasants totaled 703 yuan, up 39.2 percent. The economy has grown in all sectors this year. The output value of township enterprises alone may reach 400 million yuan, showing an increase of more than 100 percent; revenues are expected to exceed 20 million yuan; and the per capita income of peasants may reach around 800 yuan.

After inspecting the county's water conservancy facilities and a few export-oriented enterprises which used farm and animal products as raw materials, Wang Qun and other leading comrades highly evaluated and praised the county's economic development and the successful practice of the county party committee and government and the people of various nationalities in the county. Wang Qun gave important opinions at the forum on the economy of the banners and counties of the region. He pointed out: "We have found in Togtoh County positive answers to the questions on which we had thought deeply: how banners and counties should develop the economy and can poverty-stricken banners and counties accelerate development and achieve a fairly comfortable life. The key for Togtoh County to achieve such a better and faster economic development lay in its outstanding and exemplary performance of Comrade Deng Xiaoping's guiding thought of emancipating the mind, seeking truth from facts, seizing the opportunity to accelerate development, and never slowing the pace when faster development is possible. It also lay in the county's efforts to achieve extraordinary development and advance by leaps and bounds where conditions permit and to accelerate development by creating favorable conditions when there is none. Togtoh County's practice and good results gave us confidence and strength."

Togtoh is an agricultural county. In the past two years, it put water conservancy in the first place, enhanced the sense of water conservancy, and adopted a series of measures to strengthen it, the foundation. In the county's 600,000 mu of cultivated land, 430,000 mu are irrigated land, and 320,000 mu of the irrigated land are farmland where irrigation can be guaranteed. This provides favorable conditions for developing high-yield, good-quality, and highly efficient agriculture. While stabilizing the per capita grain yield at 1,000 jin, the county has greatly

developed the processing of farm and sideline products to increase their value, thus pushing agriculture to the market.

Wang Qun pointed out: "Persisting in consolidating the foundation and orienting industry and agriculture (animal husbandry) to foreign trade and farming and breeding to the processing industry constitute the road to a developed commodity economy and prosperity. This road conforms to the reality of both Togtoh County and the autonomous region. At no time should we forget agriculture and animal husbandry, the primary industry. Agriculture and animal husbandry are the foundation, the capital. Without strengthening agriculture and animal husbandry, we will have no front from which to advance. When the foundation is consolidated, we will be able to make most people prosper. Without stable agriculture, stable rural areas, stable industry and cities, and stable society will be out of the question. In the condition of the socialist market economy, we should take the road of orienting industry and agriculture (animal husbandry) to foreign trade and farming and breeding to the processing industry. To achieve success in this, we should do a good job in three aspects. First, we should develop well agriculture, which is the primary industry, increase investment in it, and turn it into modernized agriculture. Second, we should rely on science and technology, which are primary productive forces, to develop agriculture. Third, we should regard township enterprises as the backbone industry and put them in the "main position." Township enterprises are not sideline production or a supplement. Township enterprises, which have powerful vitality, should be the major pillar of the economy of banners and counties. All levels should change ideas and attach great importance to township enterprise development. Not only should leaders charged with township enterprise development attend to it, but also the party and government top leaders of banners, counties, towns, and townships should personally attend to it. Togtoh County's rapid economic development should be attributed to its efforts in imports and development and its efforts to establish a number of high technology and high-level enterprises based on a high starting point, such as a natural pigment plant, feed additive plant, alcohol plant, and beef processing company."

Wang Qun also pointed out that a package of good policies and measures compatible with the development of productive forces is necessary in order to accelerate the economic development of banners and counties. He said: "Formulation of good policies and measures is not a job for only a small number of persons or some departments. The entire party should pay attention to it, and major party and government leaders, in particular, should personally attend to it. Based on the characteristics of the development of the socialist market economy and the characteristics of banners and counties, flexible and diverse policies for different cases and different plants may be adopted for the county and township economic development. With regard to ownership, we may develop collective, shareholding, individual, private, and cooperative enterprises or the enterprises exclusively funded by foreign firms instead of sticking to only one form. We may develop any



projects bravely as long as they conform to the 'three advantages.' Adopting flexible policies also involves the issue of seizing the opportunity. If we do not make a breakthrough in this issue at present, we will miss the opportunity."

Wang Qun also emphasized: "To develop the economy of banners and counties, we should have the leading bodies which adhere to the party's basic line, serve the people wholeheartedly, and have political awareness, high quality, abilities, vigor, and the spirit of doing solid work. If leading bodies lack a pioneering spirit and the spirit to serve the people wholeheartedly, they are bound to lack an enterprising spirit and a sense of responsibility. If they are warm to one grouping and cold to the other, they will accomplish nothing." He urged leading bodies at all levels to adhere to the party's principle of democratic centralism, have the spirit of making progress in unity, and conscientiously promote the economy of banners and counties.

Wang Qun, Qian Fenyong, and other leading comrades put forward still higher demands and expectations on the various work of Togtoh County at the end of the forum. They also encouraged the county, party and government leading bodies to lead the 175,000 people of various nationalities of the county to turn Togtoh into a modern, civilized, and prosperous county.

#### **Tianjin Secretary Gao Dezhan Addresses Meetings**

##### **On Reducing Peasants' Burden**

SK2707132793 Tianjin People's Radio in Mandarin  
0000 GMT 26 Jul 93

[Text] At the 24 July work conference held by the municipal party committee and the municipal government on reducing peasants' burden, Gao Dezhan, secretary of the municipal party committee, gave an important speech urging party and government organs at all levels, especially leading cadres, to realistically keep the masses in mind, do things for the sake of the masses, and rely on the masses while carrying out their work. He touched on three issues:

1. It is necessary to firmly keep the party's fundamental purpose in mind and further strengthen awareness of wholeheartedly serving the people.

Gao Dezhan pointed out: In line with the plans of the party Central Committee and the State Council, the municipal party committee and the municipal government are taking effective measures to reduce the irrational burdens of peasants and solve the problems of arbitrarily collecting fees, levies, and fines. While solving these problems, it is necessary to firmly and realistically grasp each and every case until good results are achieved. Meanwhile, we must also pay attention to the essential aspect, and fundamentally solve the problems. In short, when we handle each and every specific issue, we must first give consideration to the masses, carry out things in line with the interests of the masses, and refrain from doing things that go against the interests of the masses. Never wait until after a problem emerges to straighten it out. Cadres are public servants and

[words indistinct] of the people. In any time and any circumstance, we should firmly keep the party's purpose of wholeheartedly serving the people in mind when we ponder issues and manage things. Speaking specifically, we should realistically keep the masses in mind, do things for the sake of the masses, and rely on them while managing things, and seek more benefits and do more practical things for them. Our party and government organs at all levels, specially leaders at all levels, should further enhance their awareness of wholeheartedly serving the people, persist in seeking benefits, and doing practical things for the people; earnestly practice what they advocate in the course of practice; and perform their work well. This is the fundamental guarantee for maintaining fresh and blood ties among the party, the government, and the masses. Party committees at all levels should regard the achievements in seeking benefits and doing practical things for the masses as an important aspect in checking on cadres.

2. We should regard doing things that facilitate the development of socialist productive forces, help increase the overall national strength of a socialist country and bring about better living standards as the basic criteria, seek benefits and do practical things for the masses, and unceasingly raise the living standards of the people. We should conscientiously implement Comrade Deng Xiaoping's important speech and the guidelines of the 14th party congress, and persist in taking the three criteria as the fundamental standards for judging all aspects of work. Speaking in line with Tianjin's reality, we should carry out all fields of work, including the building of material and spiritual civilizations, to facilitate the development of the socialist productive forces, help increase Tianjin's comprehensive strength and promote better living standards for the Tianjin people, and make due contributions to the four modernization drive. This is the starting point and resting point of our Tianjin in carrying out all tasks. At present, the higher and the lower levels across the municipality are taking steps to emancipate the mind, seek truth from facts, seize opportunities, accelerate development, and concentrate energy on pushing the economy forward. Pushing the economy forward is the basis for raising the people's living standards. In this sense, deepening reform, expanding the degree of opening up, accelerating economic development, and intensifying economic strength are matters of prime importance in seeking benefits for the masses and doing practical things for them. On the basis of developing the economy and raising efficiency, we should realistically raise the living standards of the people. This is the most specific deed aimed at gaining benefits for the masses, doing practical things for them, and realizing the party's fundamental purpose of wholeheartedly serving the people.

3. We should work in a down-to-earth manner, make earnest efforts to do practical things, and carry out the work of seeking benefits and doing practical things for the masses and raising the people's living standards in places where needed.

In seeking benefits and doing practical things for the masses, Tianjin has a very good tradition and work foundation. Over the past few years, the municipal party committee and the municipal government have persisted in the basic work ideology of doing all things for the sake of the people and relying on the people while doing everything, and have achieved very good results in this regard. At present, we are facing some new and complicated problems which require our continued attention on the following 10 aspects of work:

1. We should increase the income of the masses. Particularly, when enterprises with difficulties take a favorable turn, we should promptly help workers solve some practical problems.
2. We should reduce the burdens of enterprises, urban residents, and peasants and solve the problem of arbitrarily collecting fees, levies, and fines.
3. We should strengthen management over commodity prices and control the rise of prices.
4. We should accelerate housing construction and the renovation of dangerous and leaking residential houses, and improve the living conditions of the masses.
5. We should pay attention to the vegetable-basket project, and raise the production level of nonstaple foods.
6. We should strengthen the building of urban infrastructure facilities.
7. We should strengthen market management and raise the quality of all services.
8. We should actively carry out all measures and contracts that benefit the people and make things convenient for them.
9. We should strengthen the comprehensive improvement of social security and maintain a good social order.
10. We should build a civilized, clean, and healthy social environment; maintain a good city appearance; realistically pay attention to environmental sanitation; and conscientiously consolidate traffic order.

Gao Dezhan pointed out: Our cadres at all levels should take the lead in conducting all undertakings through hard work, performing official duties honestly, doing administrative work diligently for the people, and resolutely checking all sorts of unhealthy trends. These are the preconditions for seeking benefits and doing practical things for the masses. We should do all of this with all our hearts and might and exert joint efforts to do things involving people's interests. As long as we manage things conscientiously and responsibly, and explain the situation clearly to the masses, we will win support and gain the forgiveness of the masses.

Gao Dezhan stressed: The municipal party committee and the municipal government should start the work of seeking benefits and doing practical things for the masses. All departments, offices and committees, as well as various districts, counties, and bureaus should conscientiously

grasp this work. All grass-roots units should also conscientiously grasp this work. The higher and the lower levels should jointly carry out this work and the whole society should pay attention to this work. We should let the masses receive more real benefits on the basis of developing the economy, further mobilize the enthusiasm and creativity of the broad masses of people, and unceasingly push all our undertakings forward.

#### Addresses Social Security

SK2807023393 Tianjin People's Radio in Mandarin  
0000 GMT 28 Jul 93

[Text] The second plenary meeting of the municipal Committee for Comprehensive Management of Social Security was held on 27 July. Municipal leaders, including Gao Dezhan, Wang Xudong, Li Shenglin, Song Pingshun, Zheng Zhiying, Zhang Dequan, and (Zhang Guanmin), attended the meeting.

The namelists of leaders and members of the reajusted municipal Committee for Comprehensive Management of Social Security were announced at the meeting. Wang Xudong is chairman; and Song Pingshun, Lu Xuezheng, Zhang Baifeng and Zhang Dequan are vice chairmen.

Wang Xudong, deputy secretary of the municipal party committee and chairman of the municipal Committee for Comprehensive Management of Social Security, gave a speech on the basic situation of the municipality's public security comprehensive management work of the previous stage and the major tasks of this work for some time to come.

In an address to the meeting, Gao Dezhan, secretary of the municipal party committee, stressed: The work of comprehensive management of social security is a huge project involving the whole society and a major matter of the whole party and of the whole society. It is necessary to strictly implement the responsibility system of comprehensively managing social security in all districts and departments and among leaders, uphold the principle of making the person in charge of the work to assume full responsibility, and conscientiously fulfill all tasks set for the public security comprehensive management work. The party committees and governments at all levels should realistically strengthen leadership, make earnest efforts to manage this work, make each level to attend to and assume responsibility over the work of the next level, grasp the work through to the end, make each level assume responsibility and implement the work at all levels.

Gao dezhan pointed out: At present, we must pay attention to the work in three aspects:

First, we should comprehensively attend to ideological and educational work, enhance the sense of the legal system, and consciously safeguard social security and order.

Second, we should strengthen struggle and improvement in a specific area, deal strict blows to all sorts of criminal activities, uninterruptedly launch a struggle against pornography and six vices, make special efforts to eliminate all social repulsive phenomena, heavily and strictly handle

all sorts of criminals who harm social security in line with law, and never treat them leniently. It is necessary to expand the strength of dealing blows to serious criminals, expand its effect, and make Tianjin's security situation one of the best among the country's major cities.

Third, we should continue to mobilize the strength of all trades and professions, apply various means, mobilize and rely on the masses, and pool the wisdom and efforts of everyone to safeguard and improve public security.

### Northwest Region

#### Gansu Governor Addresses Financial Work Meeting

HK2707063093 Lanzhou Gansu People's Radio  
Network in Mandarin 2300 GMT 23 Jul 93

[Text] Governor Yan Haiwang emphatically pointed out at the provincial financial work meeting, which ended yesterday, that, in light of our province's actual conditions, financial departments throughout the province must implement measures aimed at exercising macroeconomic regulation well and must accomplish the financial work throughout the province in the latter half of this year.

Yan Haiwang said: Financial departments must perfectly integrate rectifying the financial order with deepening financial reform, must perfectly integrate enforcing financial discipline with upgrading personnel quality, and must perfectly integrate enhancing macroscopic regulation with the principle of developing the economy according to one's capability and to the best of one's ability. These departments must also seek truth from facts, guard against one-sidedness and imposed uniformity, and preserve normal financial restraints.

In discussing the financial work in the latter half of this year, Governor Yan Haiwang pointed out that the key was to make efforts to do a good job in implementation. He said: Financial departments at all levels and various banks must focus on key tasks, give specific guidance, strive to increase savings, broaden the source of credit funds, ensure the supply of funds to finance key projects, use available credit funds efficiently and flexibly, speed up capital turnover, support the construction of key projects, and give impetus to organizational restructuring. Through giving key support, the construction of key projects will be accelerated, and our province's reserve economic development strength will be enhanced.

#### Gansu Radio Reports Financial Situation

HK2707063293 Lanzhou Gansu People's Radio  
Network in Mandarin 2300 GMT 22 Jul 93

[Text] In the first half of this year, financial incomes throughout the province were better than in the previous years and showed a larger growth rate, but the situation still gives no cause for optimism. There has been no improvement in the shortfall in the collection of revenue and payments in arrears. By the end of June, the total deficit of industrial enterprises covered by provincial budget the amounted to over 120 million yuan, up 16.9

percent over the same period last year. Payment arrears in various categories of enterprises throughout the province totaled over 92 million yuan, and profit delivery arrears came to over 44 million yuan. Salaries in 63 counties, including [county name indistinct], failed to be paid on time or in installments, putting the total amount of unpaid salaries at 110 million yuan.

In order to guarantee that financial income is received, the provincial authorities will take firm steps to conduct emergency revenue collection, [words indistinct], and pursue the policy of [words indistinct]. Enterprises that have been operating at a loss for quite some time, that do not have any prospect of getting out of the situation, and that do not have enough capital to pay their debts should be auctioned or sold off to facilitate the flow of enterprise property rights and to enhance their awareness of market competition.

#### Gansu's Lanzhou Executes Nine 'Criminals'

HK2807101293 Lanzhou Gansu People's Radio  
Network in Mandarin 2300 GMT 24 Jul 93

[Text] Meetings were simultaneously held in the Lanzhou City Sports Institute and Honggu District yesterday to announce the arrest of culprits and to pass sentence on others. Thirty-two criminals who had trafficked drugs were put under arrest or detention for criminal offenses, and nine other criminals who had committed serious crimes were sentenced to death.

At present, the crime of drug addiction and trafficking in Lanzhou is a very big problem, and therefore cases of theft tend to increase. These have become the two largest public evils against which the masses have strong grievances.

Regarding yesterday's pronouncement, except the nine criminals sentenced to death, the 32 other culprits are all criminals who trafficked and illegally kept drugs. This indicates that drug-related crimes have become one of the key targets against which public security and judicial departments in Lanzhou are fighting. As for the nine criminals who were sentenced to death, they were given capital punishment for murder, robbery, rape, and theft. They were escorted to the execution ground immediately after the pronouncements and executed by shooting.

#### Qinghai Secretary Addresses Procuratorial Forum

HK2807101693 Xining Qinghai People's Radio Network  
in Mandarin 2300 GMT 23 Jul 93

[Text] Provincial party Secretary Comrade Yin Kesheng stressed at a provincial forum of chief procurators of autonomous prefectures and cities, which ended on 22 July, that procuratorial organs at all levels must conscientiously fulfill the duties entrusted to them by the Constitution and the law; work hard to handle cases; constantly strengthen the function of legal supervision; and serve our province's reform, opening up, and economic construction better.

Comrade Yin Kesheng pointed out: With the development of the market economy, procuratorial work will encounter



a great many new situations and problems. How can we gear up to the needs of the new situation? It requires procuratorial organs at all levels to further emancipate their minds and constantly improve their standard and capability of serving reform, opening up, and economic construction.

Yin Kesheng said: At present, many laws and regulations cannot be implemented at the grass-roots level and there is no reliable guarantee. A great many phenomena in which some localities and departments do not abide by the law and do not strictly enforce the law still exist. Under these circumstances, the function of procuratorial organs can only be strengthened, rather than weakened. We must never, in any case, relax our fight against crime and against graft and bribery.

Yin Kesheng stressed: The fight against corruption and bribery is still the focus of procuratorial work in the coming days. Procuratorial organs at all levels must clarify the vague understanding that set the anticorruption work against protecting reform and promoting economic development, highlight the function of the dictatorship, make more efforts to fight economic crimes, and handle well several large and important cases. Only in this way can we win the people's confidence and demonstrate the strength of law.

Comrade Yin Kesheng reaffirmed at the meeting the enhancement of party leadership over the work of politics and law. He said: It is an arduous task for procuratorial organs to investigate and mete out punishment to those involved in large and important corruption and bribery cases and in cases of infringing upon civil rights, and to enhance law enforcement and supervisory work. Party and government leaders at all levels must have a clear-cut stance to support procuratorial organs in exercising their supervisory power in accordance with the law. Under the present new transformation of the market mechanism, only when procuratorial organs are led and supported by the party can they overcome interference and obstruction and ensure strict law enforcement and independent exercise of procuratorial power in accordance with the law.

In his speech, Comrade Yin Kesheng fully affirmed our province's procuratorial work. He also encouraged vast numbers of procurators to have a revolutionary enthusiasm and stronger confidence, be honest and upright, strictly enforce the law, and double their efforts to serve reform and economic construction in Qinghai.

#### **Shaanxi Plans To Screen Credit, Bond Issues**

*HK2707035093 Xian Shaanxi People's Radio Network in Mandarin 0500 GMT 23 Jul 93*

[Text] The provincial financial work meeting was held in Xian yesterday [22 July]. The meeting called on all provincial financial departments to make sure that the province's current chaotic financial order will be reversed within three months.

The meeting set forth concrete measures for rectifying the financial order, enforcing financial discipline, promoting reform, and intensifying macro regulation and control.

The meeting called on financial institutions at all levels to conscientiously screen loans and recall those extended in violation of the regulations. Specifically, it ordered them to conduct by themselves conscientious examination and rectification of all the loans extended and borrowings made in 1992 up to the end of May this year; to recall all loans extended in violation of the regulations before 15 August; to exercise strict control over the scope of credit and to continue to conduct quarterly regulation and control, monthly assessment, and examination once every 10 days; to set deadlines for the refund of all money publicly at unauthorized interest rates without authorization and used for purposes now permitted by the policy; and to set deadlines for correcting unauthorized changes in the purposes of funds.

The meeting pointed out that, without consent from the competent authorizing department or unit, no institution may issue any form of bond, overtly or covertly. Banks should accordingly reduce and even suspend credit to enterprises which have issued more bonds than planned without authorization or which have issued bonds arbitrarily.

The meeting called on banks and insurance companies at all levels to conscientiously scrutinize any economic entities run by themselves and resolutely abolish institutions that operate against the law. All specialized banks must rigorously uphold credibility in settlement and may not hold or dishonor bills at will. Should the holding of bills cause great economic losses, besides heavy punishment for the bank, the leadership's responsibility should also be affixed.

#### **Xinjiang Holds Teleconference on Bond Issuance**

*OW2607135693 Urumqi Xinjiang Television Network in Mandarin 1655 GMT 6 Jul 93*

[From the "Xinjiang News" program]

[Text] [Video shows a conference room where four unidentified men are seated at a long table facing hundreds of people] The autonomous regional people's government convened an emergency teleconference yesterday, in which it exhorted all sectors of society to further rally and deploy manpower to speed up the issuance of treasury bonds, make arrangements for attracting bank deposits, and ensure that the region moves with the rest of the country in completing the issuance of treasury bonds by 15 July.

Wang Yousan and Wang Lequan, both vice chairmen of the autonomous regional government, chaired and addressed the conference.

[Video shows a middle-aged man speaking] Wang Lequan said: This year, our country has failed to make satisfactory progress in issuing treasury bonds because it has moved slowly. By the end of June, our region had accomplished only 52 percent of its task. This means we have to fulfill approximately half of the task over the next 10 days or so; our task is extremely formidable.

Wang Lequan stated: This year, our region faces a fairly grim financial situation because of substantial troubles

arising from the decline in various bank deposits and dwindling financial sources. Although savings deposits had climbed back up by the end of May, the increase was limited and sluggish due to various funding activities and capital outflows. Declining savings deposits have created enormous troubles for banks seeking a credit balance, gravely hampering our region's economic development both in terms of speed and quality.

Wang Lequan set forth several demands for making the issuance of treasury bonds a success and for making every effort to attract bank deposits. He asked all localities, departments, and units to seriously implement the guidelines of central documents by treating the task of issuing treasury bonds as a political mission and accomplishing it accordingly. He also urged them to apply all policies and measures enacted by the state to ensure that the issuance of treasury bonds would be completed. He said that the

autonomous region would deduct financial subsidies to localities that had failed to accomplish the task on schedule.

Wang Lequan noted: Governments at all levels should further support and assist banks and post offices at all levels in successfully attracting savings deposits. Banks at all levels should adopt all kinds of measures to lure savings deposits, whereas enterprises should actively reduce stock-piles and promote sales, earnestly withdraw money from circulation, and stimulate steady growth in savings deposits.

At the conference, Li Chi, deputy commander of the Xinjiang Production and Construction Corps, spoke on efforts made by corps-related units to speed up the issuance of treasury bonds. Qian Xifu, deputy director of the autonomous regional industrial and commercial bureau, pleaded with self-employed people and private enterprises to enthusiastically subscribe to treasury bonds and deposit money in banks.

**DPRK Boat Arrives in Taiwan To Ship Freight***HK2807112093 Hong Kong AFP in English 1033 GMT 28 Jul 93*

[Text] Taipei, July 28 (AFP)—A North Korean vessel arrived in Taiwan Wednesday for the first time in more than four decades to ship cargo back to Pyongyang, an exclusive agent here said.

Zo Ming No. 1, a 1,062 DWT cargo ship, will load some 1,000 metric tonnes of cloth at the northern harbour of Keelung and ship them back, said Charles Hong, chairman of Wagon Shipping Company, the Taiwan exclusive agent of the North Korean ship.

Company official Steve Huang said the ship currently docked outside the Keelung Harbour ready to load the goods. "The loading is expected to be completed on August 1, and the ship would return to North Korea the next day," he said.

The government last year lifted a ban on North Korean ships coming to Taiwan, but due to the consideration of the feelings of South Korea, a long-time rival of Pyongyang, no ship movements between North Korea and Taiwan had actually taken place.

After Taiwan severed diplomatic relations with South Korea in August last year, trade activities between Taipei and Pyongyang have started to grow.

Two-way trade amounted to 6.7 million U.S. dollars last year with North Korea importing 4.8 million dollar worth of products from Taiwan. Bilateral trade in the first six months amounted to 3.4 million dollars, with North Korea importing 2.7 million dollar worth of products.

Seoul switched diplomatic recognition to Beijing last August, and in retaliation, Taiwan severed its official relations with South Korea and suspended air and shipping links with Seoul.

**Taiwan, ROK Agree on Futures Exchange System***OW2707145293 Taipei CNA in English 1355 GMT 27 Jul 93*

[Text] Taipei, July 27 (CNA)—Taiwan will no longer be beholden to South Korea's agricultural trade demands following the signing of a formal agreement defining a new framework for their future exchanges early Tuesday [27 July] morning.

A Council of Agriculture official said Tuesday after the signing that such trade will from now on be handled on an equal and reciprocal basis, although he fell short of providing details.

Before links between the two countries were severed last August, South Korea held the upper hand in the relationship. That fact was particularly manifest in fruit trade figures between the two. Taiwan had been exporting U.S.\$5.98 million worth of bananas to South Korea each year while importing as much as U.S.\$15.95 million worth of apples and pears.

Taiwan was induced to accept the imbalance, the official said, because of its weak political leverage vis-a-vis Mainland China.

Another major agricultural import item from South Korea was ginseng. Feeling that the ROC [Republic of China] would not run the risk of endangering official links with Korea, Korean negotiators had repeatedly demanded that Taiwan keep South Korea as its sole source of ginseng and also demanded low tariffs, the official added.

**Official Expects Taiwan-ROK Air Accord***OW2707151893 Taipei CNA in English 1400 GMT 27 Jul 93*

[Text] Taipei, July 27 (CNA)—Air exchanges between the Republic of China [ROC] and South Korea are expected to resume soon after a new aviation agreement is signed between the two countries, an official of the Ministry of Transportation and Communications said Tuesday [27 July].

The original aviation accord between the two countries was nullified after Taipei severed diplomatic relations with Seoul on Aug. 22, 1992 upon Seoul's recognition of Beijing.

According to Chu Yung-chuan, director of the department of navigation and aviation of the ministry, the agreement will be signed by airline companies themselves rather than by the two governments.

The ROC and South Korea signed a formal accord defining a new framework for their future exchanges Tuesday morning in Osaka, Japan.

Officials of Korean Air and Asiana Airlines, two South Korean airlines which have maintained operations in Taipei, welcomed the diplomatic development on Tuesday, saying that the breakthrough is definitely mutually beneficial.

Mu Ko-kang, assistant general manager of Korean Air, said he hopes an agreement is reached soon so that Korean Air can recontinue its lucrative air cargo business.

The Taiwan-South Korea route is one of the "golden" routes in Asia because it serves as a convenient connecting point between the East and the West.

Mu said that although group tourists exchanges between the two countries dropped after the severing of relations, individual travelers increased, albeit through airlines such as Hong Kong's Cathay Pacific and United Airlines of the United States.

Taiwan's China Airlines, Eva Airways, and Mandarin Airlines have been asked to help forge the new agreement, Chu said.

**Economic Minister Leaves for Vietnam***OW2707090893 Taipei CNA in English 0757 GMT 27 Jul 93*

[By Y. C. Tsai]



[Text] Taipei, July 27 (CNA)—Economic Affairs Minister P. K. Chiang left for Hanoi Tuesday [27 July] to investigate the investment climate in Vietnam.

Chiang said prior to his departure that he will meet with his Vietnamese counterpart and discuss ways to resolve problems facing the ever-increasing number of Taiwan investors in the Indochinese country.

In order to further enhance economic cooperation between the two countries, he pointed out, Taipei and Hanoi should soon sign investment guarantee and tax exemption agreements.

"I will also discuss with Vietnamese officials on the feasibility of inking pacts to promote cooperation in agriculture, fishery, and mining," he said.

Another topic on Chiang's agenda is the establishment of financial exchanges between the two countries, he said, adding that a growing number of financial institutions in Taiwan have shown keen interest in establishing branches in Vietnam.

Trade ties between Taiwan and Vietnam have grown substantially in recent years. Domestic manufacturers have channeled U.S.\$1.2 billion into the Indochinese country, making Taiwan the largest foreign investor in Vietnam. Two-way trade totaled U.S.\$400 million last year.

The minister and a 33-member delegation will also visit Ho Chi Minh City and Singapore before returning to Taipei August 4.

#### **Israel Plans Economic, Trade Office in Taipei**

*OW2807085393 Taipei CNA in English 0742 GMT 28 Jul 93*

[Text] Taipei, July 28 (CNA)—An Israeli trade official stationed in Japan will visit Taiwan Thursday [29 July] to discuss establishment of an Israel trade office in Taipei, Foreign Ministry sources said Wednesday.

Jacob Fass, director of economic and trade section of the Israeli Embassy in Japan, will come to Taiwan to discuss the proposed Israel economic and trade office in Taipei, they said.

The Israel office is expected to facilitate high technology cooperation between both countries. The proposed office will be limited to handling commercial affairs and visa service will still be handled by the Israeli office in Hong Kong, they added.

Fass has served as Taiwan affairs officer in the Israeli Embassy in Japan for a number of years. He has established close relationships with Republic of China [ROC] officials during his previous visits to Taipei.

#### **Foreign Minister To Visit Costa Rica**

*OW2607091293 Taipei CNA in English 0747 GMT 26 Jul 93*

[Text] Taipei, July 26 (CNA)—Foreign Minister Chien Fu is leaving for Costa Rica Monday [26 July] to attend a ministerial level meeting with his counterparts from Central America.

Chien will join foreign ministers from Costa Rica, Honduras, Panama, Guatemala, El Salvador, Nicaragua, and Belize for the one-day meeting on July 28.

Chien is expected to review the implementation of cooperation agreements reached during an earlier meeting which took place in Taiwan last September.

Chien will also enlist the support of the foreign ministers for Republic of China [ROC]'s bid to enter the United Nations.

Chien will stay in Costa Rica until July 31 and then travel to the Dominican Republic.

He is expected to speak in Hawaii before he returns to Taiwan August 9.

#### **Official: Island Contributes to Mainland Exports**

*OW2807051993 Taipei CNA in English 1405 GMT 27 Jul 93*

[Text] Taipei, July 27 (CNA)—Taiwan manufacturing industries have found that their shipments of semi-finished products to Mainland China and Taiwanese investment there have contributed to the mainland's fast-growing export industry.

An official of the Board of Foreign Trade said that components and semi-finished goods represented the lion's share of Taiwan's exports to Mainland China. Mainland China's main foreign exchange earners—textiles, toys and audio equipment—relied heavily on such supplies from Taiwan.

Trade sources estimated that exports of mainland-Taiwan joint ventures accounted for 25 percent of Mainland China's export business. Many of these manufacturers are engaged in such labor-intensive sectors as textiles, leather goods, footwear and plastics.

For many years, Taiwan has been one of the leading exporters of textiles and footwear to the U.S., but Mainland China has gradually overtaken its rival in the U.S. market.

BOFT statistics indicate that in 1982, Taiwan exports to the U.S. were nearly four times those of Mainland China's. Ten years later, Taiwan's market share in the U.S. lagged behind the mainland for the first time.

Last year, Taiwan's exports to the U.S. amounted to US\$24.5 billion, representing 4.67 percent of U.S. imports. Mainland China registered a 35 percent growth of

its exports to the U.S. in 1992, and the export amount of US\$25.5 billion accounted for [words indistinct] percent of market share there.

**Li Teng-hui Names National Security Bureau Head**

*OW2707145393 Taipei CNA in English 1350 GMT  
27 Jul 93*

[Text] Taipei, July 27 (CNA)—President Li Teng-hui announced Tuesday [27 July] that Yin Tzung-wen will become the director of the National Security Bureau.

Yin, currently deputy director of the bureau, will succeed Sung Hsin-lien, who served eight years before submitting his resignation.

Li on Tuesday morning conferred upon Sung a Medal of the Order of Propitious Clouds in recognition of his performance during his term in safeguarding the security and interests of Taiwan.

Yin will take office on August 1.

## Hong Kong

### UK Offers Military Headquarters to PRC

OW2707132293 Beijing XINHUA in English 1301  
GMT 27 Jul 93

[Text] Hong Kong, July 27 (XINHUA)—Britain has offered to hand over the Prince of Wales Building—the centerpiece of its existing military headquarters—to the Chinese People's Liberation Army stationed in Hong Kong in 1997.

The offer was made public by the Commander British Forces, Major-General John Foley, Monday [26 July] night in an interview with the Asia Television.

Foley said that the Prince of Wales Building is one of the military facilities that would go to the Chinese Army "in due course."

Without giving further details, he said that the fate of the western part of the existing headquarters is still under discussion by the Sino-British Joint Liaison Group.

### Patten: No Decision on Offer

HK2807031693 Hong Kong SOUTH CHINA  
MORNING POST in English 28 Jul 93 pp 1, 2

[By Rachel Clarke]

[Text] The Governor, Chris Patten, and British officials distanced themselves yesterday from an apparent gaffe by the Commander British Forces who said the Chinese will be free to take over Hong Kong's military headquarters in 1997. Mr Patten stressed that no decision had been taken on the future of the defence estate and that everything still depended on the on-going talks of the Sino-British Joint Liaison Group (JLG).

But political commentators said Major-General John Foley's prediction that the People's Liberation Army (PLA) would be able to take over the Prince of Wales Building in Central had caused irreparable harm to the British negotiating strength. Major-General Foley, who is on leave, said in an interview for Asia Television's Inside Story that the British Forces' Hong Kong headquarters will stay in the Prince of Wales Building until the territory is returned to China. "This is one of the buildings which I'm sure will, in due course, go to the PLA." He mentioned only the building, not the rest of the barracks site to the west, which Chinese sources have said is an important part of their plans to locate the PLA headquarters in Central.

Mr Patten and JLG officials moved to dispute the commander's supposition, emphasising there was no guarantee that any part of the Prince of Wales Barracks—seen as the jewel in the defence estate crown—would be handed to the PLA. "At the end of the day, what we have to balance is first of all the requirements of the Garrison in Hong Kong both today and in the future and, secondly, the importance of using land and parts of the defence estate which aren't required for defence purposes in the interest of the development of Hong Kong," Mr Patten said. "That's a balance which we're determined to strike as best as we can for the

ordinary people of Hong Kong," he said, adding that he was not in a position to make any announcement.

Foreign Office representative Chris Osborne said: "I'm not saying he (General Foley) spoke out of turn.

"He cannot predict exactly how the agreement will turn out.

"He cannot have been talking on the basis of any agreement as there has been no agreement." He said the negotiations would continue unaffected by the General's comments.

Senior Executive Councillor Lady Dunn said it was inevitable the Prince of Wales Building would be handed over to the PLA, because it was serving the same purpose as the British Garrison at present. She added that Hong Kong people's fear towards the PLA had decreased because they were visiting China more often than before.

Political commentator Lo Chi-kin said the General had inadvertently delivered a blow to the British negotiating position in the talks. "It's embarrassing—letting the cat out of the bag won't make the British position any easier," he said. "Most probably it's a position already taken by the British side that the Prince of Wales Building will be taken over by the PLA but the way the officials are trying to distance themselves from Foley's remarks suggests that they are trying to retain flexibility on the negotiations.

"It is little use now for the British team to try to use the building as a bargaining tool when Foley has said it will go to the Chinese anyway.

"Foley does not have authority on these matters, and it is most unusual for a military person to discuss such as diplomatically sensitive issue."

Mr Lo believed General Foley had been caught out but that his indiscretion could help to lift the cloak of secrecy surrounding the JLG talks. "It's certainly a mistake and a careless statement from the British point of view," he said. "But for Hong Kong people who have been kept in the dark for too long, it could be good.

"The negotiations have to be between the two sovereign powers, but the talks are about Hong Kong, and we should know what's going on."

### PRC-UK Airport Committee To Meet 4 Aug

OW2707134793 Beijing XINHUA in English 1301  
GMT 27 Jul 93

[Text] Hong Kong, July 27 (XINHUA)—The Chinese and British sides have agreed to have a meeting of the airport committee on August 4th in Hong Kong.

This was announced by the Chinese representative office of the Sino-British Liaison Group here today.

It was announced that the two sides will continue to discuss the financial arrangements on the airport and the airport railway in accordance with the memorandum of understanding concerning the construction of the new airport in Hong Kong and related questions.



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